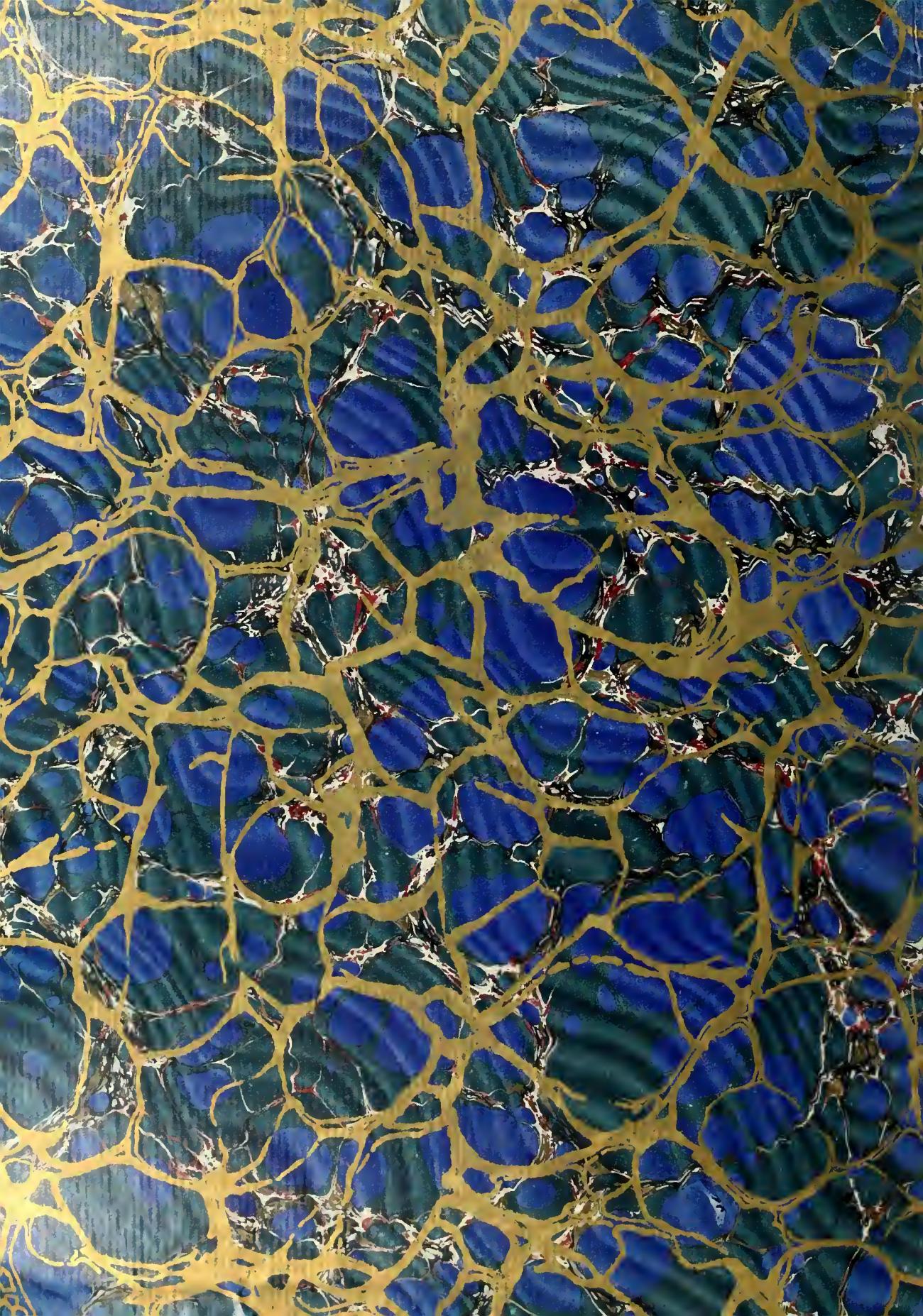
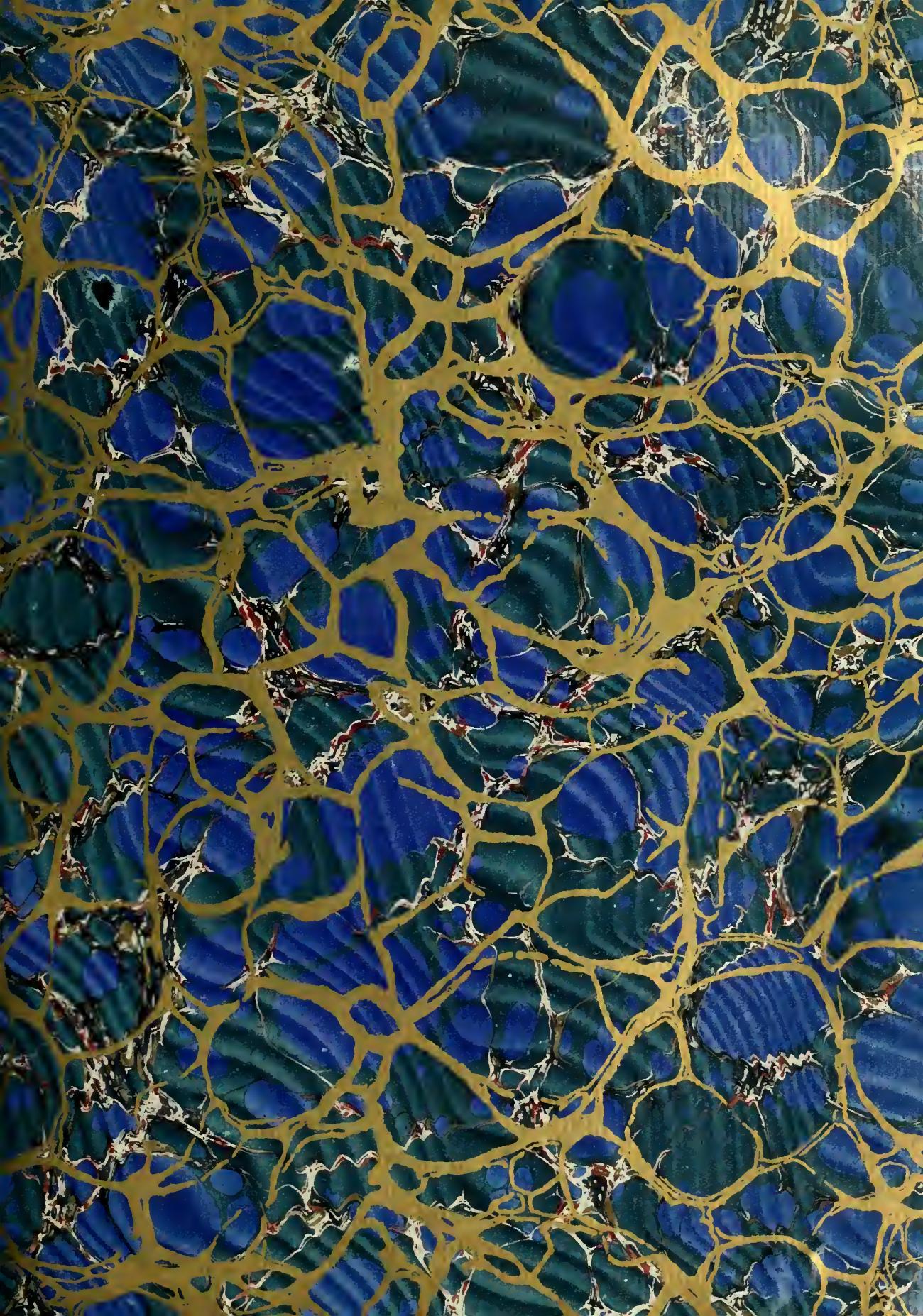


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HISTORY
OF A
BANKING
HOUSE







No 254.

Stated East & West

THE HISTORY OF
A BANKING HOUSE.

THE HISTORY OF A BANKING HOUSE

(SMITH, PAYNE AND SMITHS).

BY

HARRY TUCKER EASTON,

Associate Institute of Bankers.

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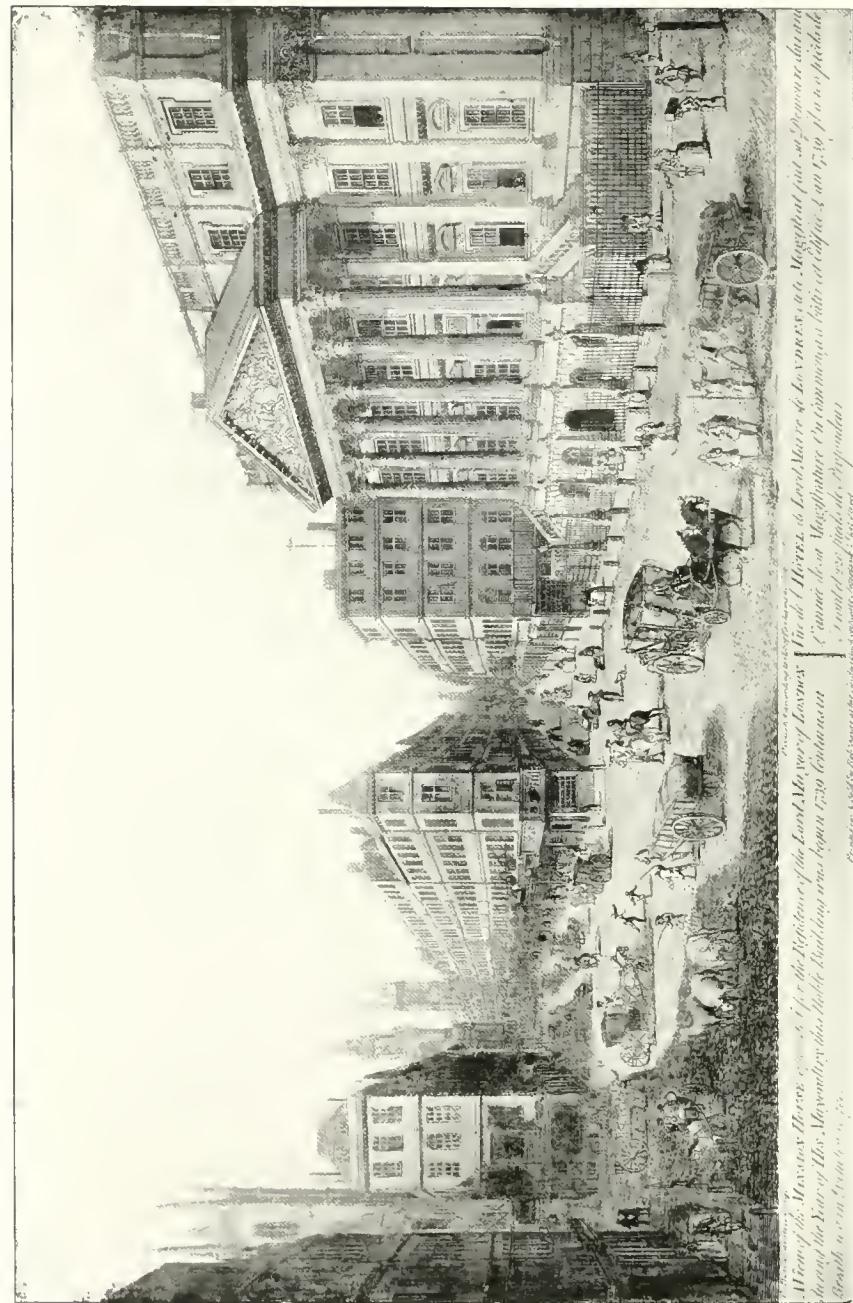
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Smith's Bank.





PREFACE.

THE purpose of this volume is not only to write the history of an eminent banking house, but also to give some particulars respecting the early history of banking in this country.

The Smith family have an unique experience; their banking career began more than two centuries ago, and during that period successfully passed through great commercial crises. As an outcome of their success as bankers, they obtained a well-known reputation in the financial world.

They appear to have been keen men of business, imbued with sound common sense rather than brilliant ability, a quality which possibly is of more importance. We might attribute their great success to a marvellous insight into the methods of business; a bank which has subscribed for the whole of a Government loan must in itself be possessed of great resources.

The recent amalgamation of private banks with joint stock institutions tends to remove the identity of banking

houses which have contributed in some degree towards building up the nation's prosperity ; the author thinks that some permanent record should be made of private firms which have in many ways been associated with the commercial success of this country.

The Smith family were not only successful bankers, but also took their part in the affairs of the nation ; in one House of Commons they held no less than five seats. They were connected by marriage with some well-known families, and we have typical examples in Lord Carrington, Lord Rosebery, William Wilberforce, the great philanthropist, and Lord Pauncefote, the late Ambassador to the United States.

It was thought that the paper read by the author before the Institute of Bankers might be enlarged so as to give more details respecting the family history. This, however, could not have been accomplished without the cordial co-operation on the part of various members of the family who have kindly assisted him with various details. Amongst them he wishes especially to thank Mr. Frederic Chatfield Smith, of Nottingham, for many valuable notes on the early history of the Nottingham bank; Mr. Lindsay Eric Smith, of 1, Lombard Street, has kindly supplied many particulars respecting Messrs. Smith, Payne & Smiths.

With regard to the Lincoln bank, Mr. Eustace Abel Smith has practically furnished all the information respecting that institution.

Some interesting particulars respecting the connection of the Smith family with the great philanthropist, William Wilberforce, and his association with the Hull bank, have been furnished by Mr. Alwyn Dudley Smith, and incidents of the political career of some members of the firm are due to Mr. Gerald Dudley Smith.

The author has been able to reproduce portraits of Abel Smith, the founder of the London bank, and other partners, through the kindness of Lord Carrington, who has also furnished interesting details as to the Parliamentary career of the family.

Mr. Maberly Phillips, of the Bank of England, has allowed the author to reproduce specimens of bank notes which appeared in his paper on "Note Collecting" in the *Connoisseur*, the editor of that magazine having kindly given permission for their publication.

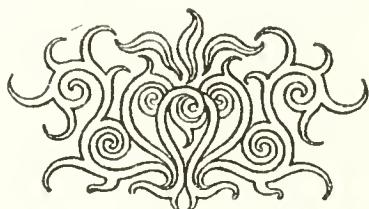
The early history of the family was written by Mr. Augustus Smith, of Tresco Abbey, in the Isles of Scilly, M.P. for Truro, 1857-1865, a descendant of the eldest son of the founder of the bank.

His work, "Stemmata Smithiana Ferraria," has been of great assistance; in fact, most of the particulars respecting the family from 1631 to 1860 are taken from this book.

Mr. Leopold de Rothschild has kindly allowed the author to reproduce a copy of the painting of the House of Commons,

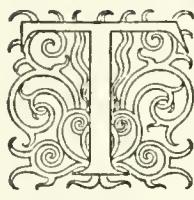
on the occasion when Baron Rothschild was introduced by Mr. John Abel Smith as the first Jewish Member of the House.

The author hopes that the account of this banking house is worthy of record ; it has been a source of great pleasure to write its history, and he trusts that banking in the future may be conducted on the same high principles which, no doubt, has contributed in some degree towards making our country the financial centre of the world.





INTRODUCTION.

HERE are two reasons for a record of the banking house : in the first place it was the oldest provincial firm in the United Kingdom in existence, and the business had practically been carried on by the Smith family for over 200 years, their influence, not only in the Midlands, but also in the Metropolis, has always been of a powerful character.

The London firm of Messrs. Smith, Payne & Smiths, however, was founded in 1758, but there are several private banks now in existence of an earlier date.

Messrs. Child & Co., of Temple Bar, have the great distinction of being the oldest London bankers ; the business of that firm has been carried on in Fleet Street prior to the year 1600, and they have occupied the same premises since 1630-40.

Again, it will be shown that early in the last century the firm occupied a leading position as the principal lender to the Government ; practically identical with the great financial

houses such as the Rothschilds and Barings, with the former of whom it has been intimately associated. It must not be forgotten that banking in this country was entirely in the hands of the private banks prior to the foundation of the Bank of England in 1693, five years after Thomas Smith had commenced business as a banker, the first joint stock institution not being formed until 1826.

The private bankers had to study the needs of the community, and to learn from practical experience the best methods to meet the requirements of the country. In fact, the present system of banking by means of deposits, notes, and bills of exchange is due to those early bankers, and we find that our Colonies, America, and other countries, have practically adopted the methods which for a great number of years were prevalent in this country.

The business of banking, however, arose from the necessities of trade or other external circumstances. Although the private bankers have been the pioneers, it seems that joint stock banking is gradually superseding the old system; if we take the last ten years as an illustration, we find that six joint stock banks have absorbed eighty-five private institutions, and there are now only forty-two left out of a total of 104 that were in existence at that date.

When we realise the great changes that have taken place during the last century, one cannot be surprised that our banking system required some revision in order to meet

modern requirements. This has been effected by means of branch establishments throughout the country; a joint stock bank is better equipped for this modern system of business.

There are two causes why the old system of banking has been superseded. In the first place the opening of branches has enabled banking establishments to be carried on at a less cost, and the concentration of capital under the management and control of large banks has considerably reduced the cost of banking facilities. Again, we must not forget that the establishment of branches has been the cause of a large accumulation of capital in banks. This is shown by the fact that in 1873 the capital and deposits of our banks amounted to £500,000,000, whereas in 1898 the total was £1,000,000,000. From this we observe that the banking resources of the country have doubled in a quarter of a century. This accumulation has been obtained principally through the multiplication of branch establishments by joint stock banks, which has extended banking facilities to our very doors.

During the last twenty years nine hundred new branch banks have been established, consequently a material increase in banking resources has naturally followed. In order to carry on this increase of business a larger amount of capital was required, and as the private bankers were unable to obtain the same, the new business naturally was taken by their rivals. It is not difficult to obtain additional capital

from a large body of shareholders when substantial dividends are paid. No doubt this was the principal reason why a great change in our system of banking has taken place.





FAMILY HISTORY.

IT has been thought desirable to give an account of the Smith family in their private capacity, as distinct from their connection with the banks with which their names will always be associated.

A former writer whose book has been of great assistance in the compilation of this work has stated that there was nothing especially worthy of record in the history of the Smith family. This statement, however, was written forty years ago, but possibly subsequent events would have somewhat modified his remarks.

The author, however, disputes this statement principally because of the fact that to found a banking house which should be known throughout the world would, in itself, be an eminent achievement, especially when we bear in mind the great number of private bankers who failed during the panics of the eighteenth and nineteenth centuries.

Possibly the members of the family were not brilliant, but they possessed great business capacity, which even in the present day is of considerable importance.

Their political career is also worthy of mention, because in one House of Commons they held no less than five seats ; reference will be subsequently made to Lord Carrington, who has distinguished himself in the political world, and also to Lord Pauncefote, who, as Ambassador at Washington, performed a great service in strengthening the bonds which unite us to the New World.

The genealogical table which will be found at the end of the present book has been prepared mainly for the purpose of showing what members of the family became bankers, or in some other manner are worthy of mention, but reference will be made in this volume to several daughters who have by marriage become connected with several well-known families in this country.

John Smith, who died in 1642, is the first member of the family mentioned, and Nottinghamshire may justly be considered as the native county of the Smiths ; the parish of Titheby, with its adjuncts of Wiverton and the village hamlet of Cropwell Boteler, being the district where records of the family exist. It is situated about nine miles to the east of Nottingham and two miles to the south of the small market town of Bingham, in an undulating country of no particular importance.

By the Subsidy Rolls of the 14th and 15th Henry VIII, the name of one Jeffrey Smith is recorded as being taxed in goods at Cropwell, and in the following year, the 16th of Henry VIII, 1525, the name of Godfrey Smith appears in like manner. His will was proved at York, 1543, the executors being his widow Alice and his son William.

The spelling of the name is sometimes Smyth, Smithes, or Smith, but this is noticeable in the history of other families, partly due to the fact of there being no printing presses in those days. The family appear to have occupied a leading and substantial position amongst the inhabitants of that village community and neighbourhood.

There are numerous references to the Smith family in the parish of Titheby and Plumptre, dating from the year 1561. We might describe them as substantial yeomen, a race which has produced some of the best specimens of Englishmen in this country.

John Smith, the father of the founder of the bank, was baptised on 2nd October, 1593, and was only nine years of age when his father died; a settlement, dated 1630, shows that he then married Elizabeth, daughter of Thomas Garton. Previous to this he had purchased a farm of 62 acres for £185 from Sir Thomas Hutchinson in 1622, and this place was settled upon his wife by the above-mentioned deed. She died in childbirth, 1633, and was buried at Titheby. His second wife was Frances, daughter of — Wilcocke, of Cropwell, who died in 1643.

John Smith died in 1642, and was buried at Titheby ; an inquisition of his property was held 1st September, 1643, the valuation being £543 19s. 10d. and also £300 due on bonds, besides being the owner of a lease ; he appears to have been the first member of the family who became an owner of landed estate beyond a mere messuage or tenement.

The second wife of John Smith appointed her brother, William Wilcocke, as her executor. Legal proceedings were instituted for the recovery of at least some of the legacies to which her children were entitled.

The eldest son, Thomas, must have secured payment of the legacy left him by his father, most likely soon after he came of age, and it was probably with this money he purchased, in 1658, a house in Peck Lane, Nottingham, for a sum of £210, being the first property held by the family in the town, and from this place the great banking house owed its origin. This was ultimately sold by Lord Carrington, in 1822, for £1,155.

Possibly Thomas Smith left his native place at Cropwell in consequence of difficulties which arose with regard to the management of the property.

He seems to have been from the first connected with Laurence Collin, master gunner at Nottingham Castle, while held by the Republican Forces during the Civil War, as Collin's signature was attached to the deed as a witness to the purchase of the Peck Lane property.

William Wilcocke, his mother's executor, became insolvent, and the claims against his estate were settled by an agreement, and a marriage which took place in the family helped to solve the difficulty.

By a bond from William Wilcocke, R. Burrows, of Nottingham, and William Day, of Cropwell, the said Wilcocke made over his farm at Cropwell to his son Daniel on his marriage with Marie, the daughter of John Smith, as an equivalent for the £100 left her by her father's will, he receiving £30 as the balance due on the full value of the said sum, and for the payment of which £30, Thomas Smith, now of Nottingham, joins his brother-in-law, Daniel Wilcocke, in a bond to the three parties above named.

The founder of the bank was only ten years of age when his father died, and naturally was taken charge of by his own mother's family, the Gartons, and possibly also by Mr. Robert Burrows, who married a Collin; his father intreats Mr. Burrows to become his guardian.

Mr. Burrows was a resident at Nottingham, and no doubt young Smith was educated at the Free School founded by Agnes Mellors, under Mr. Balston, the master of which was required to be of "good and honest conversation." Young Smith must have seen some of the striking events connected with the Revolution, such as the setting up of the Royal Standard at the Castle on 22nd August, 1642.

In consequence of Mr. Burrows being connected by marriage with the Collin family, Thomas Smith, from an early date, as before stated, became intimate with Laurence Collin, who no doubt was a supporter of the Parliamentarians.

After the garrison was disbanded, Laurence Collin remained at Nottingham, in order to follow his former occupation of a wool comber. It appears, however, that the Corporation objected to this, and he petitioned Cromwell, with the result that the following letter was sent to the Governor, Captain Poulton, a kinsman of Colonel Hutchinson, and who had succeeded to that office:

“SIR,—His Highness the Lord Protector having heard the petition of Laurence Collin, which is here enclosed, is pleased to recommend it unto you to speak to the Mayor and other Magistrates of Nottingham, to know the reason why they will not suffer the petitioner to set up his trade in the town. And if there be no other cause of exception but that he is not a freeman, in regard he has faithfully served the Commonwealth his Highness does think it fit that he should continue in the town and be admitted to follow his calling for the maintenance of himself and family, which of all I am commanded to communicate to you from his Highness by the hands of,

“SIR,

“Your very humble and faithful Servant,

“LISLE LONG.

“WHITEHALL, this 17th July.”

In consequence of this, the Corporation held a meeting on the 9th August, 1654, and Collin was allowed "to have free liberty to use his trade of a wool-buyer and jersey comber in the town of Nottingham." After this event he experienced no further difficulty in carrying on his business. He died 9th August, 1704, aged ninety-one.

Thomas Smith purchased some business premises at the north-west corner of Peck Lane, a narrow thoroughfare leading out of Cook Street Row with Peter's Gate, near the Market Place, and in the immediate vicinity of Smithy Row, as well as both Bridle-Smith and Gridle-Smith Gates; he was then twenty-seven years of age, and had married his first wife, Mary Hooper. Probably her father was the Mr. Hooper described by Colonel Hutchinson "as his engineer and one that understood all kinds of operations in almost all things imaginable." There was one child of this marriage, Mary, who married John Egleton, of London, and both husband and wife lie buried in the church of the united parishes of St. Mary Staining and St. Michael Wood Street, where there is a monument exhibiting the Egleton arms impaled with those of Smith. Their grandson became a Baronet, and assumed the name of Kent.

His second wife was Fortune, daughter of Laurence Collin, whom he married in 1681.

Thomas Smith, in 1688, evidently had taken part in municipal affairs, because he was then an Alderman, and

objected, with the Mayor and others, to the New Charter proposed to be granted by James II on the surrender, or rather forfeiture, of the more ancient foundation of their municipal liberties.

His connection with the Parliamentary party showed that he had strong objections to the influence of the King.

He was in possession of several estates, and left to his eldest son, Thomas, his land at Gaddesby. This place is nine miles from Leicester and six from Melton Mowbray. The lordship of Gaddesby consisted of about 1,400 acres of good land. These lands were purchased jointly with his father-in-law, Mr. Laurence Collin, of Mr. Banbrough, three parts belonging to him. With reference to this property it might be mentioned that a George Smith, Esquire, in 1650, was a part proprietor, and although it is somewhat difficult to trace the connection between the two families, yet the fact remains that Thomas Smith bought the property which had with other lands been sequestrated from the Smiths of Ashby Folvile on account of their being Papists and delinquents.

This family was descended from Sir Mychell de Carynton, whose son, Sir Thomas, was knighted by the Black Prince. His descendants lived at Cresing Temple, in Essex, and subsequently held property at Wotten, in Warwickshire, also at Ashby Folvile and Gaddesby, Leicestershire.

Thomas Smith died in 1699, and was buried in the south transept of St. Mary's Church, Nottingham. The stone covering his grave has the following inscription :

"Here lyeth the body of Mr. Thomas Smith, Mercer, of this town, who departed this life the 14th day of July, 1699, in the 67th year of his age."

To his second son, John, was left his lands and tenements at Cropwell Butler, in the County of Nottingham. To his third son, Samuel, lands, etc., at Keyworth, and to the youngest, Abel, who was the father of the founder of the London bank, his land at Boblers Mills, in the County of Nottingham. The eldest son, Thomas, extended the business, although he was only eighteen years of age when his father died.

As an executor of his uncle, Mr. Abel Collin, by will dated 4th February, 1704, left the residue of his personal estate for the building of some houses which are known as Collin's Hospital. In 1709 a commodious structure was erected by him in the Moothall Gate, and has the following inscription on the north front of the building :

"This Hospital, by the appointment of Abel Collin, late of Nottingham, Mercer, deceased, who in his life was of an extensive charity to the Poor of all Societies, and at his death by his last will and testament left a competent estate for erecting and endowing the same, was, by his nephew and executor, Thomas Smith, begun and finished in the year 1709."

The son of the founder of the bank, Thomas, died in 1727, and from his will we have some particulars respecting the family. He appoints his wife Mary, and his brothers Samuel and Abel to be his executors. He desires to be buried in the

Parish Church of St. Mary, Nottingham. To his wife he leaves an annuity of £140 per annum. To his brother Samuel, all his estate and lands in Little Cropwell, alias Cropwell Butler, in the County of Nottingham. These estates remained in the family until there was only a daughter to succeed, and who married Sir Philip Hales. His child, who died unmarried, inherited his place, Brymore, in Somersetshire, and this estate passed to her relative, the Honourable Philip Bouverie, brother of the Earl of Radnor. In the muniment room at Brymore numerous documents were discovered relating to the family, beginning with John Smith, yeoman, of Cropwell. Thomas Smith left to his brother Abel, who carried on the business of a banker, the messuage or tenement and dwelling house in Nottingham where the bank was first established. There were also legacies to his daughters, and the remainder of his estate was left in trust for his children.

There is a fine marble monument in the wall of St. Mary's Church at Nottingham to his memory.

"Near this place lyeth the Body of Thomas Smith, Esq., who died Jan. 8, 1727, ætat 45.

"He was a Man of exact integrity and Skill in his extensive Business, by which he acquired a handsome Fortune and Reputation of Universal Humanity and Benevolence. The Charity intrusted with him by others received an increase from his Prudence and Generosity, qualities that he readily and heartily exerted in the Service of Manhood, and which



ABEL SMITH, ESQ.,
OF NOTTINGHAM AND EAST STOKE,
BANKER.

To face p. 16

were returned to him by a general and most sincere Love and Esteem."

His wife Mary, the daughter of Thomas Manley, Esq., had five daughters, to whom were bequeathed the chief estates at Gaddesby, which were sold by an order of Chancery in 1737, to pay the respective shares left to them. The annual rent of his estates was £909 per annum, which was a considerable sum at that period.

His brother Samuel seemed to have carried on an extensive business in London, and is described in a deed dated 1716, relating to his marriage settlement, as a citizen and goldsmith of London. He died in 1751 intestate, when his very large personal property was consequently divided amongst his six surviving children, each receiving as their share as much as £40,000.

From Samuel Smith are descended the Hely Hutchinson Smiths, and the Smith Dorriens. The present representative of the latter family is the resident proprietor of the Scilly Isles.

The youngest son, Abel, was destined to be the banker, and from him the present members of the eminent banking house are descended. He married Jane, daughter of George Beaumont, of Chapelthorpe, Co. York, and inherited East Stoke and Elston, Co. Notts., from Mr. James Banks, a relation of his mother. From his portrait, which is reproduced, he appears more like a successful merchant than a banker. He died in 1757, and was buried at St. Peter's Church, Nottingham.

The eldest son, George, married, in 1747, Mary, daughter and heiress of Major William Howe, and grand-daughter of Prince Rupert; Major Howe's mother, Ruperta, was an illegitimate daughter of that well-known personage; his father, Emanuel Scrope Howe, was a Lieutenant-General, and the Envoy at Hanover.

The Articles of Agreement of this marriage were as follows:—"Between Abell Smith the elder, of the town and county of the town of Nottingham, Banker, of the first part; George Smith, of the same town and county, Banker, eldest son and heir apparent of the said Abell Smith the elder, of the second part; Mary Howe, Spinster, daughter and heir of William Howe, late of the parish of St. Neots, in the county of Huntingdon, Esquire, and Elizabeth his wife, deceased, and also grand-daughter of Emanuel Scrope Howe, Esquire, deceased, of the third part; and the Right Honourable George Augustus Lord Viscount Howe, of the Kingdom of Ireland, Thomas Levett, of the parish of St. James', Westminster, Esquire, Thomas Beaumont, of Chapplethorp, in the county of York, Clerk, and Abell Smith the younger, of the said town and county of Nottingham, Banker, of the fourth part."

It will be noticed that the father and his two sons are described as bankers of Nottingham, which shows that the business of banking was then in active operation. The estate of East Stoke, near Newark, was given to him, and after his father's death, having been made a Baronet, he

retired from the bank and lived at the above-mentioned place. His son, George, the second Baronet, assumed the name of Bromley, by sign manual, 1778, and married Hon. Hester, daughter of Viscount Curzon. His son, Sir Robert Howe Bromley, was an Admiral in the Navy. The second son of Abel Smith, John, born in 1716, became a merchant in London. He must have been successful, because, in 1775, we find him a Director of the South Sea Company, His Majesty the King was the Governor of this Company; John Smith was also a Director of the East India Company and carried on business at 9, Great St. Helen's, in the City of London.

From him are descended the Pauncefotes, of Preston Court, Gloucester; and a great grand-daughter, Charlotte, was the mother of Sir Thomas G. A. Parkyns, Bart., of Bunny, Nottinghamshire. We may refer to one member of this family who distinguished himself, viz., Lord Pauncefote, Her Majesty's late Ambassador at Washington. A grandson of John Smith, viz., Robert, of Gray's Inn and Preston Court, Gloucestershire, assumed the name of Pauncefote, and it was his son Julian, born in 1828, who was called to the Bar in 1852, and subsequently became Permanent Under Secretary for Foreign Affairs in 1882.

He was appointed Minister Plenipotentiary to the United States in 1889, and Ambassador Extraordinary to that country in 1893. In consequence of his knowledge of international law he was the first British delegate to the Suez Canal

Conference at Paris, 1899, and in that year raised to the Peerage. As the representative of this country in America he was eminently successful, and held in great esteem by the American people. This was shown in a remarkable manner when his death occurred in that country; the late Queen showed her esteem by sending a war-ship in order to convey his remains to England.

The youngest son, possibly more ambitious than other members of the family, determined to increase the banking business, and as stated by him in 1760, to found "a house which should be equal in credit to the best houses in England;" his banking career will be considered in a subsequent chapter.

He married Mary, daughter of Thomas Bird, of Barton, Co. Warwick. With regard to this lady it may be mentioned that one sister married the father of William Wilberforce, the great philanthropist, and the other the father of Archbishop Sumner.

Abel Smith was much esteemed at Nottingham, and as a prominent banker of that time, entered the House of Commons in 1774 as Member for Aldborough; subsequently he represented St. Ives in 1780, and at the time of his death in 1788 was Member for St. Germains. He was buried at St. Peter's Church, Nottingham.

We do not know that he distinguished himself in the House of Commons, but as a banker he must be considered as one who possessed those great qualities which are to some



ABEL SMITH of NOTTINGHAM
M.P. for ALDBOROUGH 1774
ST IVES 1780
ST GERMAINS 1785

ABEL SMITH, ESQ.,
THE FOUNDER OF MESSRS. SMITH, PAYNE & SMITHS, ALSO OF THE
HULL AND LINCOLN BANKS.

extent rare, viz., an intimate knowledge of commercial pursuits, and the methods of business.

The late Walter Bagehot, in his well-known treatise entitled, "Lombard Street," states that a successful banker must be "a man not only of known wealth, but also of integrity and ability." These qualities were certainly the qualifications by which the Smith family attained great financial success.

In the history of banking in this country there is not, to the author's knowledge, any banker who has founded three banks, yet Abel Smith actually accomplished this by establishing banking establishments at Hull, Lincoln, and the great Metropolis. He lived at a period when business was carried on under considerable difficulty, caused by disturbances in the political and commercial world. He, however, achieved great success, and five of his sons subsequently became Members of Parliament. Several of his descendants represented west country constituencies at a later period, so that his name was well known in the county of Cornwall.

Abel Smith, junior, was in 1778 declared duly elected in the Liberal interest as Member for Nottingham, his opponent being the Hon. Charles Medow, nephew and heir of the Duke of Kingston. Mr. Smith was carried through the town in a chair decorated with white lace, followed by the whole body of frame-work knitters, preceded by a flag having painted on it a stocking-frame with the words "Strength, fortitude and unity surmount the greatest difficulties." This motto seems

particularly suitable for the occasion, because his father could not have undertaken the task of establishing three banks without a character sufficiently strong to overcome all difficulties.

Abel Smith, junr., first married Elizabeth, daughter of John Appleby, of Lincolnshire, by whom he had one daughter, Mary, who married Rev. John Sargent, of Lavington. There were four daughters of this marriage, and three became the wives of notable men, viz., Emily, the eldest, married Samuel Wilberforce, D.D., Bishop of Oxford, and subsequently Bishop of Winchester. The second daughter, Mary, married Rev. Henry Wilberforce, and the third, Caroline, Rev. Henry Manning, who seceded to the Church of Rome and died a Cardinal of that Church. The youngest, Sophia Lucy, married Rev. George D. Ryder.

Abel Smith's third son, Robert, was an active member of the London banking house, in fact, to a great extent, its founder; some reference will be made to this fact in a subsequent chapter. He was elected Member for Nottingham in 1780, and subsequently in 1790, after an election which lasted seven days, attended by a riot. On five successive occasions he was at the head of the poll.

His position as one of the leading bankers of the day, and wielding considerable power in the money market, led to his elevation to the peerage, in 1796, as Lord Carrington. In consequence of this he retired from the banking firm of



HULL BANK.

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which he was the guiding spirit. His promotion was partly due to the fact that he was Pitt's chief financial adviser and agent in the money market.

Again, he was an intimate friend of the great statesman, who presented him with his portrait, which is considered the finest in existence.

We shall refer in a subsequent chapter to William Wilberforce, who was connected by marriage with Lord Carrington, and who was also associated with Pitt in his great work for the abolition of slavery. Pitt and Wilberforce have been described as brothers, as they were so devotedly attached to each other. Lord Carrington was possessed of great wealth, one of the necessary qualifications for the purpose of maintaining the dignity of a peerage.

At that period there were several objections to his elevation, principally on account of his being a banker, which to the present generation seems rather an anomaly. One of the squibs of the period thus describes the appointment :

My first leads to triumph and fame,
My second joy brings or vexation,
My third—though it is but a name—
Will govern the whole of the nation.

My whole is a title, but hush !
This charade will else be too clear,
For it put the whole Court to the blush
When his Majesty made it appear (*a peer*).

The choice of Carrington as a title may have suggested itself by reason that the ancient family of Smith alias

Carrington, of Ashby Folville, Leicestershire, albeit no-wise connected with the family, had been ennobled as Carrington in 1643.

The griffin which appears in the coat of arms was derived from Collin, of Nottingham, whose daughter Fortune, aptly named, had conveyed it to the great grandfather of the first peer.

He seems to have been a particularly handsome man, and a copy of his portrait by Sir Joshua Reynolds has been reproduced.

The London residence of Lord Carrington was situated in Whitehall, and has recently been demolished; the new buildings for the War Office now partly stand upon the site. This was a well known house where the leaders of fashion, about the year 1830, used to meet, amongst them being the celebrated Count D'Orsay.

At Queen Victoria's Coronation in 1837, a large company assembled at Whitehall in order to witness the procession to Westminster Abbey. As the possessor of large estates, Lord Carrington had considerable political influence, being Lord of the Manor of Midhurst, and at High Wycombe was able to nominate Members of Parliament in consequence of his being the largest landowner in the district. These seats were known as pocket boroughs, and owners of large estates could nominate whom they chose.

In 1832, Sir Francis Burdett, writing to Lord Carrington, expressed his regret that he had supported Mr. Disraeli as

the Radical candidate for High Wycombe, whom he only knew as an author, and would have preferred supporting Mr. John Smith.

There are several references to Lord Carrington in Disraeli's correspondence with his sister, 1832-5.

A letter dated November 28th, 1834, states that: "The Duke and the Chancellor are besetting old Carrington in my favour, that they say he must yield. I am not sanguine, but was recommended to issue the address. D'Orsay is working Bob Smith very hard."

The Duke wrote a strong letter to the Chairman of Election Committees, saying that if Wycombe were not insured, something else must be done for Disraeli as "a man of his acquirements and reputation must not be thrown away . . . I had a long conversation to-day with Charles Grey. He is bitter against the Smiths, but says they can only command ten or twelve votes."

The "Bob Smith" was subsequently the second Lord Carrington.

A letter dated February 26th, 1835, says: "Bob Smith met D'Orsay, who took his portrait at Willy Park and failed, and thus addressed him: 'So you have been making a fine portrait of Disraeli, I see you can make likenesses of those you like.' Very huffy indeed and horribly jealous."

In 1836, reference is made to the first Lord Carrington's proposed marriage to the Countess of Bradford as follows:

"Lord Carrington's marriage much talked of. Lady Stanhope was sent down to break it off, and he so humbugged her that she thought she had succeeded till the fatal morn. He has made a great settlement on the widow, who has nine children, all of whom Lady B—— says in time she will persuade him are his."

The first Lord Carrington died in 1838, and appointed as his executors his friend Henry, Lord Bishop of Exeter, Francis Turner, of Lincoln's Inn, and John Beadnell, of Lombard Street. The last named, to whom he bequeathed his gold watch, was the manager at that time of Messrs. Smith, Payne & Smiths.

The Smith family have, with few exceptions, allied themselves to the Whig party, but as will be seen they were at times rather conservative in their ideas.

The following letter illustrates this :

"February, 1839.

"Lord Carrington, whom I met the other night at Lady B.'s, talked to me a great deal. He will be at the head of the county, not the head of a party in the county. Will make no tradesmen magistrates, and no clergymen but from *necessitate rei*. Duke of Wellington does the same."

At Christmas, 1839, there was a party at Wycombe Abbey, which is thus described :

"D'Orsay sent on his horse to Wycombe Abbey, as Bob Smith has none 'worth riding,' but he could not get out of the



ROBERT SMITH, ESQ., M.P.

FIRST LORD CARRINGTON.

house the whole time he was there, even to pay you a visit. It was so foggy he was obliged to give it up. They had a roaring robustious romping party, of which he gave very amusing details. Playing hide and seek, they got into the roof, and Albert Conyngham fell through the ceiling of one of the rooms. An immense long leg dangling out, Carrington came to look at it with his eye-glass, but took it very good humouredly."

In 1840 Disraeli was at the opera, and refers to seeing Lord Carrington there :

“August 7th, 1840.

“I saw Lord Carrington at the opera, but I am not clear the lady with him was his bride. She had a gracious appearance. He was married to-day, the lady in dress of Bucks. lace. All Foresters asked, but no Smiths except Gardner.”

This refers to the marriage of the second Lord Carrington with Elizabeth Katharine, daughter of the First Lord Forester. Admiral Lord Gardner, who was present at the ceremony, was his brother-in-law.

The first Lord Carrington was the owner of a large box at Drury Lane ; Lord Chesterfield holding one immediately opposite ; the Sedan chair which was kept at Drury Lane to carry Lady Carrington to her box is still preserved at High Wycombe.

In 1851, Disraeli refers to his being a magistrate :

“January 1st, 1851.

“I went on Monday to Quarter Sessions. A great meeting. All the magnates there, the three Lieutenants,

three County M.P.'s, Chandos Verney, and Calvert. The dinner very crowded, even the Carringtons remained to do honour to Sir Thomas Aubrey, who resigns the chair."

The second Lord Carrington, who died in 1868, assumed the name of Carrington in 1839, in lieu of Smith.

The present representative of the family, viz., Charles Robert, may be described as a distinguished member of the House of Peers, and in every way justifies the action of George III in making Robert Smith, his grandfather, a peer. We might say that his public career really began on his appointment as Governor of New South Wales in 1885, although he had previously been in the House of Commons as Member for Wycombe. This was in every way a wise choice, because Lord Carrington became at once an ideal Governor, his liberal ideas naturally appealed to the colonists, and a charming personality added to his success. After serving five years as Governor, his departure, in 1890, was the occasion of a remarkable outburst of enthusiasm by the Australian people. The mallet and trowel with which he laid the foundation stone of the Houses of Parliament in Sydney, January 30th, 1888, was, by his desire, placed under the portrait of his grandfather, in the partners' room at 1, Lombard Street.

His subsequent career on the London County Council is well known, and the interest he has taken in the welfare of the working classes is worthy of notice.



SAMUEL SMITH, ESQ., M.P.,
WOODHALL PARK, HERTS.

In 1895 he was created an Earl by the late Queen, and recently has been elected President of the National Liberal Club in the place of Mr. Gladstone, which may fitly be described as an example of what natural abilities, combined with high principles and the wise use of wealth, may do for a man.

He is Joint Hereditary Lord Great Chamberlain in right of his mother, Augusta Annabella, co-heiress of Lord Willoughby D'Eresby.

Lord Rosebery stated on one occasion when addressing a meeting in the City that he was proud of his connection with the Smith family ; this was in consequence of the fourth Earl Stanhope having married Caroline Lucy, daughter of Robert, Lord Carrington, whose daughter married, in 1843, Lord Dalmeny, the father of the present peer.

From Abel Smith's fourth son, Samuel, are descended some of the present representatives of the banks at London, Nottingham, Derby, and Lincoln.

He lived at Woodhall Park, Herts, and this estate has remained in the family until the present time. He represented Leicester in several Parliaments, and at his death, in 1834, was buried at Watton, Herts.

Abel Smith's fifth son, George, resided at Selsdon, Surrey, being Member for Wendover, 1806-30, and subsequently for Midhurst. He married Frances Maria, daughter of Sir John Moseley, Bart. It appears that he was offered

a baronetcy, but in consequence of having a large family of fifteen children did not consider himself justified in accepting that honour.

The youngest son, John, had the privilege of laying the foundation stone of the new London banking house. He married Elizabeth, daughter of Lieut.-Col. Tucker, and represented Wendover in Parliament, 1802-6, and Bucks in 1833-4. His death was somewhat tragic, being accidentally poisoned.

The Smith family has represented Buckinghamshire in Parliament for nearly a century, although not continuously, and Lord Carrington still takes an active interest in the welfare of the county.

In the next generation we find several members of the family as Members of Parliament.

Abel Smith represented Hertfordshire, and as an extensive landowner in that county had naturally a great influence. He lived at Woodhall Park, which he inherited from his father, Samuel, and this property is now held by Mr. Abel Henry Smith, who is Member for the County. It is stated that Abel Smith used to ride into Hertford, attended by two hundred of his tenants on horseback, in order to record their votes. The free and independent electors were somewhat of an anomaly in those days; the family, however, with few exceptions, espoused the Liberal cause.

Recently, at a meeting held at St. James' Hall to protest against Mr. Chamberlain's fiscal policy, the banners of Lord



ABEL SMITH, ESQ., M.P.
OF WOODHALL PARK, HERTS.

Carrington's great uncle were exhibited ; on them were inscribed "Smith and Free Trade," "Smith and Independence."

Mr. George Robert Smith's address to the electors of Buckinghamshire, in 1837, states that "his supporters were consistent in their advocacy of the Liberal cause, and when in Parliament I adhered strictly to those principles which have never been deserted by those of my family who have already had the honour of representing you. To those same principles I am still strongly and sincerely attached." In 1832 he had to decline the honour of representing the eastern division of the county of Surrey in consequence of the state of his health.

Members of Parliament had then the privilege of franking letters, and there are several in existence addressed to Mrs. George Smith, in 1833, which had been delivered, free, through the Post Office. This privilege was abolished in 1839, and it was estimated that out of 83,000,000 letters delivered in the United Kingdom, there were over 6,000,000 passed through the Post Office free. When we realise that it cost 1s. 3d. to send a letter of one page to Scotland or Ireland, we can imagine how eagerly the people endeavoured to get letters franked.

As before stated, the landowners exercised a great influence, and were able to obtain seats in the House of Commons without much difficulty ; the property qualification enabled them to command a great number of votes, and they could nominate persons to vote on their behalf.

When a member of the Smith family represented Midhurst, it was customary for several of the clerks from the London banking house to go down to that place in order to record their votes in his favour. After doing so they were entertained at dinner, and no doubt enjoyed the change from their monotonous work in Lombard Street. Mr. Gerald Dudley Smith, a descendant of the family, is now Lord of the Manor, and has the right of nominating eight burgesses. Those who were elected had stones placed against the outside walls of their houses, recording the fact of their being burgesses of Midhurst.

No doubt it will be remembered that Mr. W. E. Gladstone obtained his first seat in Parliament through being nominated by the Duke of Newcastle as Member for Newark. Pitt also, when only twenty-two years of age, became a Member, being the nominee of the Duke of Rutland, who was the possessor of nine boroughs.

By the Reform Act of 1832 the franchise gave a large share of influence to the middle classes in the towns, although the aristocracy still retained their position by adapting themselves to the new order of things.

Mr. John Abel Smith, the grandson of Abel Smith, of Nottingham, will always be remembered as an advocate for the admission of Jews into Parliament.

The question became an important one by the election of Baron Lionel de Rothschild, in 1849, as Member for the



JOHN ABEL SMITH, ESQ., M.P.

City of London, and in 1851 Alderman Salomons, another member of that persuasion, was elected for Greenwich. Mr. John Abel Smith warmly espoused the cause of his friend Baron Rothschild, but the opposition was great; Mr. Warren, who was elected for Midhurst in 1857, stated that rather than unchristianise the legislature he would resign his seat.

When elected in 1852 as the Liberal Member for Chichester, he stated that he was strongly in favour of religious freedom, and with reference to protection, stated that "the question was irrevocably settled, and that it is as impossible to re-impose protection as it is to turn the sun from its course."

On his re-election, in 1857, he referred to his action with reference to the admission of Jews into Parliament. In the course of his speech he said "that Baron Lionel de Rothschild is a personal friend of mine, but I can most faithfully assure you that personal feelings to him or anyone else has nothing to do with my advocacy of that question. I advocate it on the short and simple ground that it appears to me to be a flagrant wrong that religious opinion, be it what it may, is to have any influence upon the social position or the civil rights of any man."

It was not, however, until 1858 that Baron Rothschild was allowed to take his seat; the *Times* of July 26th, 1858, gives the following account of this historic event:

“A few minutes after twelve o’clock, and before the commencement of public business, Baron Rothschild entered the House and took a seat on one of the benches below the Speaker’s Gallery.

“On the Speaker asking new Members who desire to take their seats, Baron Rothschild immediately presented himself at the bar, where he was met by Lord John Russell and Mr. Abel Smith, who, amid considerable cheering from the opposition benches, led him to the table.

“Lord John Russell moved that Baron Lionel de Rothschild be allowed to take his seat in accordance with the Act recently passed, which allowed Jews to omit the words ‘I make this declaration upon the true faith of a Christian.’

“Mr. J. A. Smith seconded the resolution, which was carried by a majority of thirty-two.

“He took his seat on the front opposition bench below the gangway, between Lord Harry Vane and Mr. Craufurd.

“Those who opposed the motion spoke highly of Baron Rothschild’s reputation for purity and spotlessness of character and conduct which he enjoyed.”

Mr. John Abel Smith may be described as a man full of ambitious schemes, but at that period there were many difficulties in carrying out great undertakings; he was largely interested in the construction of railways and the development

BARON ROTHSCHILD BEING INTRODUCED AS A MEMBER OF THE HOUSE OF
COMMONS BY LORD JOHN RUSSELL, AND JOHN ABEL SMITH



of our Colonial possessions; subsequently he became associated with the well-known Eastern House of Jardine, Skinner & Co.

The following letter from Lord Palmerston shows that his knowledge of Eastern affairs was of great service to the Government :

“ Brochet, 28th Nov., 1842.

“ My dear Smith,

“ I am very much obliged to you for your letter of the 22nd, which I received as I was leaving Broadlands for this place. The complete triumph of the policy pursued by the late Government in regard to China is indeed a source of the highest gratification to all who had anything to do with the planning and the extension of the measures which we decided to adopt, and I must therefore return to a portion of the congratulations which you so kindly send me; for to the assistance and information which you and Mr. Jardine so handsomely afforded to us, it was mainly owing that we were able to give to our affairs, Naval, Military and Diplomatic, in China, those detailed instructions which have led to these satisfactory results. It is indeed remarkable that the information which we procured from yourself and various other persons whom we consulted in the Autumn of 1839, which was embodied in instructions which we gave in February, 1840, was so accurate and complete that it appears that our successors have not found reason to make any alterations in them, and it has turned out that the decisive operations has been that in the

Yang tsi Kiang which we suggested to our Naval Commander as far back in our instruction of February, 1840, and that the Conditions of Peace imposed upon the Emperor are precisely those which we had instructed our Plenipotentiaries Elliot and Pollinger to obtain. There is no doubt that this event, which will form an epoch in the progress of the civilization of the human races, must be attended with most important advantages to the commercial interests of England.

" My dear Smith,

" Yours sincerely,

" John Abel Smith, Esq."

" Palmerston.

He married Anne, daughter of Sir S. C. Jervoise, Bart. ; she has been described as particularly fascinating, and was supposed to be the last to hold a salon, the distinguishing feature of society fifty years ago.

Although a low churchman, he was a great friend of Pius IX, and on his death-bed received the papal blessing, which is still preserved as an heirloom by his family.

The youngest son of Mr. John Smith was the late Mr. Martin Tucker Smith, for many years the senior partner of Messrs. Smith, Payne & Smiths. The influence of Lord Carrington was sufficient to ensure him to be returned as the Member for Wycombe in 1847. He was a director of the old East India Company, and devoted a considerable amount of his time to the management of its affairs. It might be noted that he was the youngest member of the fourth generation who became a partner in the London banking house.



MARTIN TUCKER SMITH, ESQ.,
M.P. FOR HIGH WYCOMBE.

We will now refer to the next generation of the family who were recent partners in the bank, and contributed in some degree towards maintaining the high reputation of the firm.

The late Mr. Robert Smith, of Goldings, Herts., took an active part in the management of the bank for many years ; his kindness of disposition gained for him the respect of many, not only in Hertford, but also in the City.

The senior partner, however, was the late Mr. Samuel George Smith, for some years Member for Aylesbury, being a descendant of Samuel Smith, of Woodhall Park, Herts. He was possessed of sound common sense, one of the characteristics of the Smith family, and also had a quaint humour. The writer recollects a stranger calling at Lombard Street and asking to see Mr. Payne ; he at once replied that he had not seen him for some time ; this was evidently true, since the last representative of this family died in 1799.

The late Mr. Oswald Augustus Smith was beloved by all who knew him. Mr. William Fowler, in writing to the *Times* of August 26th last, stated that "he was not only a fine classical scholar, but possessed a rare combination of powers, and he was at the same time a man of most agreeable manners and great modesty of demeanour. He will not soon be forgotten by those who had the privilege of knowing him, and I have an idea that not many such men are left in the City where so much of his life was spent."

It might be mentioned that he translated into Latin Tennyson's "In Memoriam," and some of Browning's works, which were favourably mentioned in the *Quarterly Review*. At East Grinstead, where he resided, his loss was much deplored, being a true friend to those who sought his assistance or advice.

I think his farewell address to the clerks, a few days before his death, is worthy of some record. He says : "My connection with the bank commenced in 1848, but practically ceased in 1891, and I have always recognised that the prosperity which has attended our firm for over 130 years has been largely due to the efficient and cheerful help of those who have worked under us, and I should wish each one kindly to accept a small present to remind him of his very sincere friend."

The late Mr. Reginald Abel Smith was another instance of a private banker, thoroughly devoted to his profession ; there is no doubt that he would have been President of the Institute of Bankers if his health had allowed him to accept that position. At Hertford, where he resided, his influence was always for the public good ; as chairman of the local hospital, and other similar institutions, he was desirous of promoting the well-being of the inhabitants.

Mr. Eric Carrington Smith, the present senior representative of the old London firm, was a partner in the Hull bank, as well as of the London establishment. He was also a partner in the firm of Smith, Marten & Co., of St. Albans,



OSWALD AUGUSTUS SMITH, ESQ.,
OF HAMMERWOOD LODGE, EAST GRINSTEAD.

from 1865 to 1897. This bank was established at 148, Bond Street, by Mr. George Marten, who had a branch at St. Albans. The London business was taken over by Herries, Farquhar & Co., of St. James' Street, and then the St. Albans branch became a separate bank until recently, when it was amalgamated with Barclay & Co., Limited.

The eldest son of Mr. John Abel Smith was the late Mr. Jervoise Smith, another typical example of a private banker. He entered the London bank on 6th April, 1853. The author well recollects the keen interest which Mr. Jervoise Smith had for banking literature, and how he sat up until a late hour, in order to read some notes which had been written by him. He was Chairman of the Public Works Loan Commission, Deputy Chairman of the Clearing House, Major in the 2nd Regiment of Middlesex Militia, and during the short Parliament of 1866 represented the Borough of Falmouth. He accompanied the Hon. A. Egerton, St. Leger Glyn, and Mr. Tower to the Crimea in 1855, to administer the Crimean Army Fund.

Sir Algernon West in his Recollections refers to meeting him at Balaclava, and how they had to wade through the snow in order to reach the camp of the First Division. His benevolence and kindness of heart were supplemented by practical knowledge and administrative ability.

His second son, Mr. Dudley Robert Smith, whilst on a tour in Italy during the Austro-Italian war, was arrested as a spy and condemned to be shot, but was rescued from his

perilous situation by the English Consul. Subsequently, he was for many years in India, being a partner in a firm of East India merchants; during this period of his career, on the outbreak of the Indian Mutiny, he served as a volunteer. On his return to England, he became a partner in the Hull bank, and also a Director of the National Bank of New Zealand.

Mr. Hugh Colin Smith, the youngest son, although not a member of the London house, was Governor of the Bank of England in 1897 and 1898.

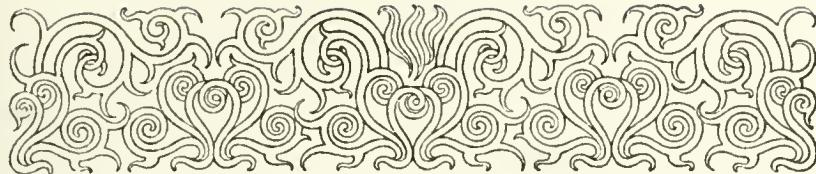
Mr. Martin Ridley Smith, one of the recent partners of Messrs. Smith, Payne & Smiths, has been a member of the Council of the Institute of Bankers from its foundation.

He entered the bank April 5th, 1853, so that for fifty years he has devoted himself to banking affairs. On his retirement as chairman of the San Paulo Railway, the shareholders presented him with his portrait, painted by Herkomer. He has taken a keen interest in philanthropic work, and special reference should be made to his efforts on behalf of the Victoria Hospital for Children at Chelsea.

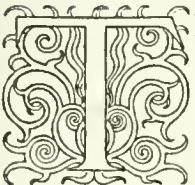


DUDLEY ROBERT SMITH, ESQ.

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NOTTINGHAM.

HOMAS SMITH, the founder of the house, was not originally a banker. He was born in 1631, being the son of John Smith, a substantial yeoman, of Cropwell Butler, Nottinghamshire, who purchased a portion of that lordship when sold in 1623, by Sir Thomas Hutchinson, the father of Colonel John Hutchinson, so well known in the history of the Civil War. John Smith died in 1641, when his children were yet minors, and appointed his two brothers-in-law guardians and trustees for them; their neglect of this trust was the cause of young Smith being apprenticed to a mercer at Nottingham.

The old Bank House was bought by him in 1653 from William Littlefear, a Puritan, as his name would imply, but he could not establish a title to the cellar until 1658, when the purchase was completed. The old premises were at the corner of Peck Lane, a narrow passage leading from the Market Place to St. Peter's Square. Many years afterwards

it was sold, by the second Lord Carrington, with sixty years title. It is believed to have been a three-storied gable-ended house, of which the second floor projected over the pavement. All the old houses, including the bank, have practically disappeared.

The next banking premises stood on a site further west, commanding a fine view of the market place, which is the largest in England. This structure stood for over a century, when the present substantial stone building was built on the same spot, and some adjoining property added to it. One of the features of the old bank was a bow window on the first floor, and when the nomination of members for Parliament took place, a good view from it could be obtained of the ceremony.

Thomas Smith, by his prudence and good business qualities as a mercer, soon became known, and his customers found that they could safely and profitably leave their spare capital with him to such an extent, that before 1688 a considerable banking business was developed. There is no record of when the business of banking actually commenced, but we may assume that 1688 may be taken as the date of the origin of the bank. His eldest son, who was High Sheriff of Leicester, 1717-18, was a banker in the modern sense of the word.

Some reference might be made in order to show the difficulties of carrying on business at that time; no doubt the feeling of insecurity during the Civil War was a reason why the people left their capital with the private bankers. Money was hoarded by the nobility in iron chests,



NOTTINGHAM BANK--OLD BANK PREMISES.

but the people who had not the protection afforded by retainers, came to the towns with their spare capital, and left it for safe custody.

When Thomas Smith bought the premises, in 1653, England was about to witness the fall of Puritanism. There was a great reaction from the tyranny of Cromwell's rule, which led to the restoration of Charles II in 1660. Cromwell announced that no Member of Parliament would be suffered to enter the House of Commons without signing an agreement not to alter the Government as it is settled in a single person and a Parliament. No act of the Stuarts had been a bolder defiance of constitutional law.

The year 1660 may be taken as the beginning of modern England, when the chief forces, viz., industry and science, became of great importance, and necessarily that period witnessed the foundation of banking. Our commerce could not have attained its present high position without the aid of capital, and this was obtained through the medium of the banks of this country.

Macleod says that banking in the modern sense did not exist before the year 1640, and therefore Thomas Smith must have been one of the first bankers of this country. During the reign of Charles I, the merchants in London had been in the habit of depositing their bullion and cash in the Tower for convenience and security under the guardianship of the Crown, but the King, in order to meet his debts, seized

their property to the amount of £30,000. This act caused great consternation, and the merchants decided in future to keep their capital under their own control.

The goldsmiths soon began to lend the money at interest, and this in the course of time attracted deposits ; when this occurred the real business of banking came into existence.

Clarendon said that the goldsmiths were men known to be rich, and of good reputation, consequently the money of the kingdom could be trusted or deposited in their hands.

A similar course of events was being enacted at Nottingham, because Thomas Smith must have possessed considerable ability in order to gain the confidence of the merchants and gentry in that town and neighbourhood.

Nottingham was a good centre for banking purposes, having been a manufacturing town for more than 600 years. It was here that Richard Arkwright, in 1769, erected his spinning frame, and here also Hargreaves had the year previously removed his spinning jenny, after his machine had been destroyed by a mob at Blackburn. The connection of the Smiths with the Arkwright family has continued until the present day.

Whilst Leicester became the centre of the woollen industry, Nottingham had devoted itself chiefly to cotton, silk, and merino hosiery.

In order to carry on business, it was necessary to have some circulating medium, and as the coins were not only



NOTTINGHAM BANK.

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scarce, but also deficient in weight, we find that bank-notes became a popular method for the liquidation of debts, although in consequence of being payable on demand these were at times a source of danger to many banking firms.

For many years, owing to the want of banking accommodation in the North Midland District, merchants and manufacturers were obliged to conduct their business at Nottingham, there being no bank at Leeds or Sheffield, which is 70 to 100 miles away. For example, a Leeds merchant, having a remittance of foreign bills of exchange, would mount his horse and carry them to Smith's at Nottingham, to be discounted, and take away gold or notes in exchange.

Soon after the death of Thomas Smith, in 1699, his eldest son, Thomas, separated the banking business and carried it on alone until his death, in 1727.

Thomas Smith, the father, with the first surplus capital he was able to withdraw from the business, re-purchased a large part of the supposed family estate at Gaddesby, which had been sequestrated by the Parliamentarians, and to which he and his son afterwards added as opportunities occurred.

He married Fortune Collin, who was a sister of Abel Collin, described as a banker of Nottingham, and had three sons—Thomas, Samuel, and Abel.

Abel Collin, by his will dated February 4th, 1704, left the remainder of his estate to his nephew, Thomas Smith, for building and endowing Collin's Hospital ; he was also trustee of Labray's Hospital, another Nottingham charity.

The eldest son, Thomas, in 1711, had to appear before a Commission of Inquiry made as to the ownership of monies deposited in his hands by a person named Kinsman, and from the answers given by him, we have an interesting account of banking business at that time.

Interrogatories to be administered to Thomas Smith to be examined in a cause between Richard Kinsman, Esquire, and other Plaintiffs, and Richard Hacker, Defendant. Pursuant to an order made in the said cause the eighth day of December, 1710.

1. Imprimus doe you know the parties &c. and how long have you known them.

2. Item. Did the said Defendant Hacker or any other person or persons and who by name, by his order, for his use, or in Trust for him at any time, &c., and when and upon what account, advance, lend or pay unto or deposit or have in the hands power or custody of you or any other person or for your use any and what sums of money Jewellery, Rings, Plate, Mortgage or Mortgage Deeds, Bond or Bonds, Bill or Bills, or any other security, goods, chattels or effects to be kept for his the said Defendant Hacker's use or for any and what other end interest or purpose, and what interest, premium or reward did you or any other person and who by name, by your order or on your behalfe agree to pay or allow, or what other agreement then or at any other times made touching or concerning the matter aforesaid.

3. Item. What doe you now and what did you at the time you was served with the Commission for Sequestration issuing out of this Court in this cause really and bona fide owe and were justly indebted unto the said Defendant upon a fair and just account sett forth the severall items and declare the whole truth of your knowledge and belief herein at large.—John Morgan.

Depositions of Thomas Smyth taken at the House of F. Salmon Junr. in Nottingham by virtue of a Commission out of the High Court of Chancery to us William Thorpe and William Wells Gent. and others directed for the examining the said Thomas Smyth upon interrogatories embodied in a cause between Richard Kinsman, Esq. and others Plaintiffs and Richard Hacker Defendant on Thursday the 20th day of September anno domini one thousand seven hundred and eleven as follow :

Thomas Smyth of the Town and County of the Town of Nottingham Gent., aged twenty-eight years and upwards, sworne and examined deposeth as follows :.

1. To the first Interrogatory this Deponent sayth that he doth not know Richard Kinsman Esq. named as Plaintiff in the tytle of the Interrogatory but sayeth he knowes Richard Hacker named as Defendant in the cause and hath known him for about four years last past.

To the second Interrogatory this Deponent sayeth that the said Defendant Rich. Hacker in person paid unto and did leave in the hands of this Deponent some time about the

twenty-third day of February in the year of our Lord 1707, the sum of Twelve hundred and eighty-seven pounds and fifteen shillings and three pence for the use of the said Richard Hacker for the repayment whereof upon demand this Deponent gave a note under his hand to the said Hacker which said note bearing date the same day as the said money was paid, but this Deponent did give no other security for the same save the said note and further this Deponent sayth that he this Deponent gave to Hacker in the said year 1707, a Bill of Exchange for fifty pounds payable to the said Hacker on demand. And this Deponent further sayth that he paid at different times on the 27th February, 1707, the several sums of twenty-one pounds and ten shillings and twenty-one pounds and ten shillings and twenty pounds and also the same day for the use of the said Hacker this Deponent paid to Mr. Hobman of Newark the sum of one hundred and fifty pounds and afterwards the 7th day of May, 1708, this Deponent paid to the said Richard Brough for the use of the said R. Hacker the sum of thirteen pounds and this Deponent hath also paid upon the account and for the use of the said Hacker to several persons at several times several small sums of money in the whole amounting to 11s. 4d. and further this Deponent remembers that the said Defendant did deposit in the Deponent's hands the 23rd day of February, 1707, the sum of thirty pounds but the 27th day of the said month of February the said Hacker *renewed* the same sum of £30 again returned. And this Deponent further sayeth that

neither the said Richard Hacker or any other person or persons by his order or for his use or in trust for him at any time upon any account whatsoever did advance lend or pay unto or deposit or leave in the hands custody, etc., any sums of money, plate, etc., etc., to be kept for the said Hacker's use and that he this Deponent did not agree to pay or allow any interest premium or reward for the use of the said money—further this Deponent sayeth that he hath not paid any part of the said sum lodged in this Deponent's hands by the said Defendant to any other person or persons use or uses than is hereinbefore sett forth and as near as this Deponent can compute there remains only in the hands and custody or possession of this Defendant the sum of £1,094 11s. id.

"And this Deponent humbly offers that this Deponent actes in the nature of a Banker, and returnes great sums of money to London, and from thence and diverse other places in this Kingdom, and also for several years past, and his father many years before him, hath used to take in and receive great sums of money of diverse persons and upon receipt thereof to give notes under his hand for the same, thereby promising to pay the said sums so received to the person authorized in the money, or the Bearer of the note upon demand; and in case any Note so given by this Deponent be produced and endorsed only with the name of the person to whom it is payable upon delivering the said Note this Deponent pays the same to the Bearer,

so that sometimes this Deponent's Notes are paid by endorsement as money to several persons before the same is demanded of this Deponent, and this Deponent is advised that he is obliged in law to pay such Notes when endorsed to the person demanding the same, and this Deponent's credit so much depends upon his punctual payment of the Notes to the Bearer, that in case of refusal it might be of ill consequence to this Deponent in his Employment, and as this Deponent does not know but that the said Hacker has made some transfers of the Notes so given by this Deponent, he having not produced them to this Deponent nor acquainted him whether he has them or not, wherefore, as this Deponent is willing in all things to conform himself according to the direction of this Honorable Court and to pay what remains in this Deponent's hands in such manner as this Court shall order, so he humbly relies on the justice of this Honorable Court to compel the said Hacker to deliver up the notes."

To the third Interrogatory this Deponent sayth that the time this Deponent was served with the Commission of Sequestration in the Interrogatory mentioned, this Deponent did really and bonâ fide owe and was justly indebted to this Deponent in the sum of £1,094 11s. 1d.

(Signed) THOS. SMITH.

This is an important account of the early issue of banknotes by the country bankers, and shows that they were an important medium for the purpose of circulating capital.

Such notes preceded the system of deposits, because customers left gold or other valuable securities for security, and received in exchange bank-notes. This was the outcome of the confidence which the customers had in their banker.

The balance-sheet made out on the death of Thomas Smith, in 1728, showed deposits of about £45,000. The ledger contained the names of most of the landed gentry, the balances of some being somewhat large. There are also entries of money received for tithes and taxes.

His balance-sheet, drawn up by his executors, was as follows:

Debtor accounts	...	...	£39,399	19	3
Creditor accounts	...	...	44,728	5	11
Due to Thomas Smith	...		<u>£5,328</u>	6	8

Mr. Thomas Smith, in right of his Gaddesby estates, was appointed High Sheriff of Leicestershire in 1717, when the coat of arms now used by the family was granted to him and his brothers. He died in 1727, and, having no sons, left his banking business to his brothers, Samuel and Abel. Samuel had been for many years a goldsmith and banker in London, and continued to reside there, leaving, at his death, a large fortune to his son, who at one time represented Worcester in Parliament, and was possessed of a good estate at Asfordby, in Leicestershire. Samuel became associated with his younger brother, Abel, as a banker in London and Nottingham, and the latter subsequently took into partnership his sons, George and Abel.

The business had not only continued without a rival in Nottinghamshire, but owing to the want of banking accommodation elsewhere, many firms, as far distant as Leeds, and even Manchester, came to the Smiths at Nottingham to have their bills discounted. They also collected the taxes and the rents of the larger landed estates in the county, and were obliged to keep a stud of horses for these purposes until a comparatively late period.

The younger brother, Abel, greatly extended the family business, and in 1758, having need of a fresh London agency, he formed a partnership with Mr. John Payne, under the name of Smith and Payne, in London and Nottingham. He also established a bank at Lincoln, and in connection with William Wilberforce, of Hull, with whom he was connected by marriage, opened a bank at that place.

The branch at Derby was established at a subsequent period.

At the time of the partnership with Mr. Payne, Mr. Smith had been elected Member for Aldborough, and his letter to Mr. Payne is of some interest. He states that : "He would have to be in town for his Parliamentary duties, and could therefore take some share in the management of the proposed banking business. That he did not think there was any occasion at first to introduce much capital, but having £40,000 by him, he could employ that if wanted. That the Nottingham bank, which had been established some years before the Revolution in 1688, had succeeded by careful management,

and he thought there was then a good opening through the failure of certain firms in London recently."

At the dissolution of Parliament, in 1806, Mr. John Smith, the youngest brother of Lord Carrington, was elected Member.

Great riots occurred in Nottingham in 1812, consequent on the introduction of machinery, and Mr. John Smith, in the House of Commons, protested against capital punishment being inflicted upon persons found guilty of destroying stocking-frames. He stated that middlemen and the truck system was really the cause of the disturbance. Mr. John Smith was re-elected in 1812, and it was stated that his opponent, Mr. Arkwright, spent £20,000 upon the election; his agents returned the surplus, which was £40, and he asked them whether there was no item that could be made to *cover* this amount.

The firm withstood a great panic in 1825, when the bank of Sir Peter Pole & Co., and other banks to the number of seventy, stopped payment, but it did not have any effect upon the bank, every call and demand being duly met.

Mr. Maberly Phillips, in an interesting paper on bank-note collecting, in the January number of the *Connoisseur*, states that he has a cheque drawn upon the Nottingham bank dated 1705, which he considers to be the earliest known provincial cheque. The Nottingham bank is, I think, the only instance of a provincial bank which has started a London business, although several provincial firms were connected with London establishments.

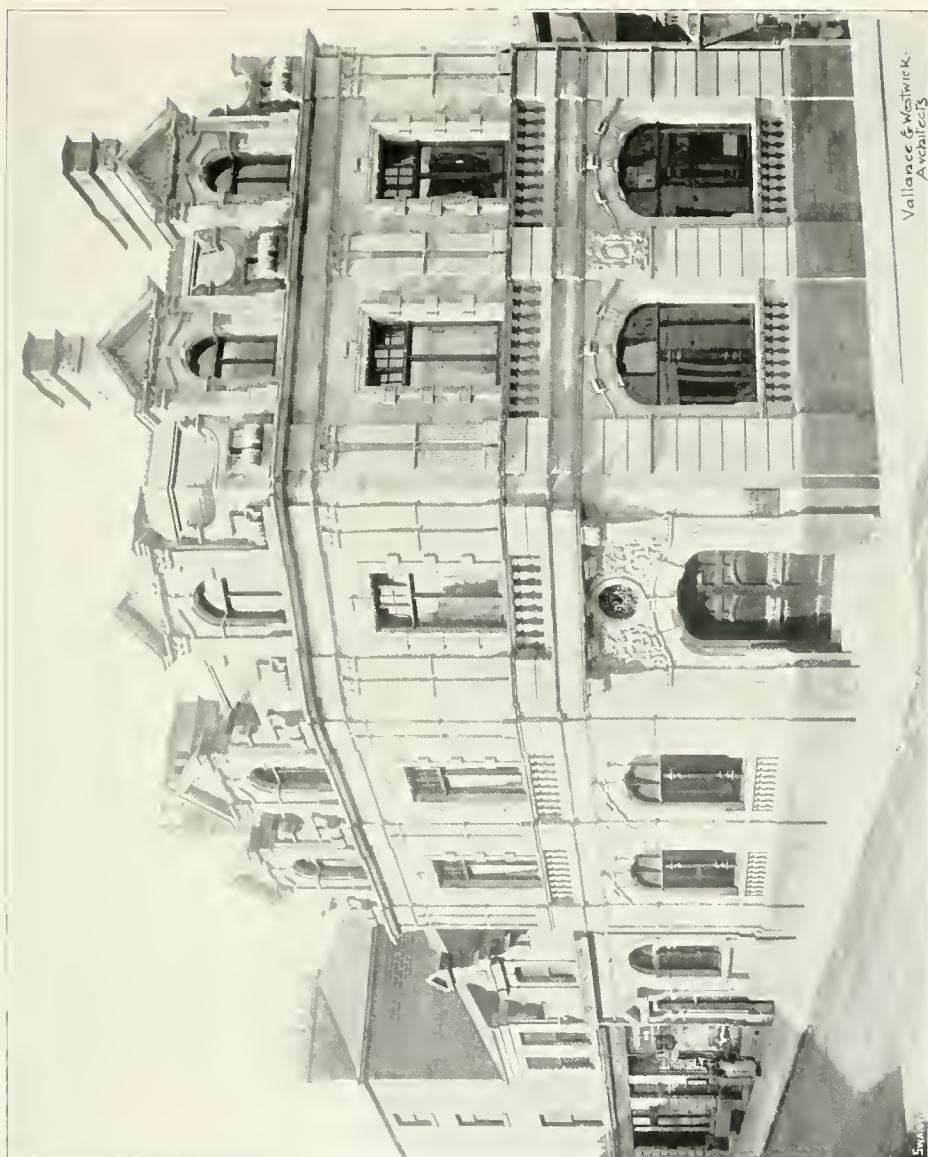
The following is a list of such banks, taken from Mr. Phillips' book on "Banks of Northumberland":—

Provincial Bank.	London Bank.
Lambton & Co., Newcastle.	Barnett, Hoare & Co.
Mowbray, Hollingworth & Co., Darlington.	{ Hollingworth & Co. Prescott, Grove & Co.
Northumberland Bank.	Remington & Co.
Chapman & Co., Newcastle.	Fry & Sons.
Goodchild, Jackson & Co., Sun- derland.	{ Jackson, Goodchild & Co.
Raikes & Co., Malton.	Currie & Co.

The history of the Nottingham bank shows that its success was due to the high character and perseverance of various members of the family. No better account can be given than an old proverb long current in the town that "the little Smith of Nottingham does the work that no man can."

In addition to this attention to the bank's affairs, there was the personal influence in the welfare of the inhabitants of Nottingham. As an illustration of this the following entry in one of the books is worthy of mention. A customer who owed the bank some money, came to the partners and pleaded poverty, also stating that he had a large family. The debt was forgiven on the understanding that he did not have any more children.

It was in consequence of this personal attention to the affairs of the bank that the business increased rapidly, and it was necessary to establish branches at Ilkeston, Long Eaton,



MANSFIELD BANK - NEW PREMISES.

Vallance & Westwick.
Architects.

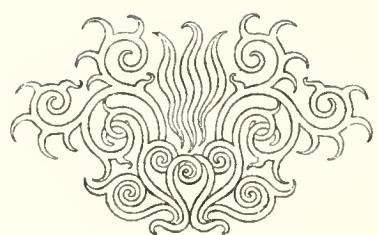
To face p. 4

Basford, Bulwell, Cattle Market, Southwell, Hucknall Torkard, and Sutton-in-Ashfield, in order to meet the requirements of the bank's customers.

The bank at Mansfield was subsequently established with branches at Shirebrook, Pinxton, and Hucknall Huthwaite.

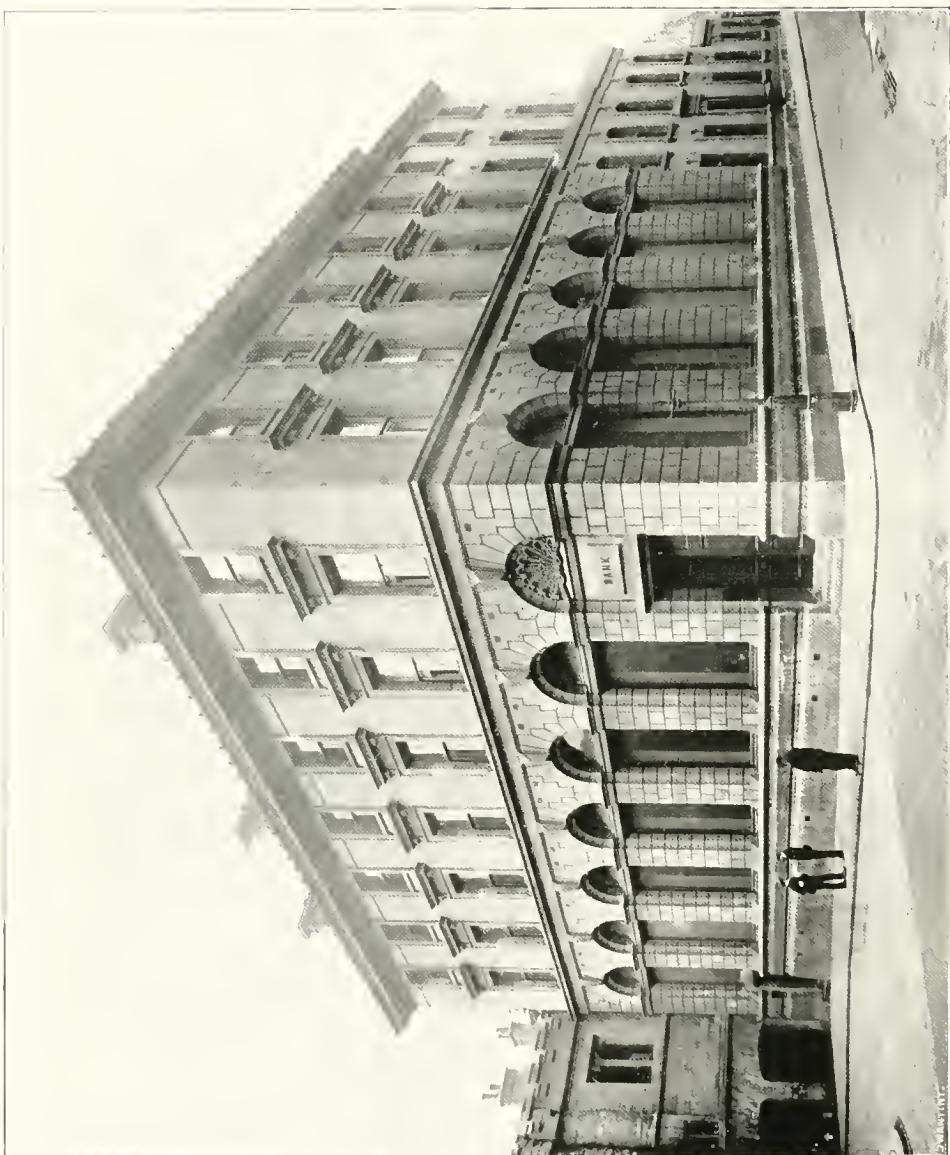
The partners of the bank at the time of the amalgamation with the Union Bank of London were Frederic Chatfield Smith, Martin Ridley Smith, Herbert Francis Smith, Francis Abel Smith, and Henry Edward Thornton—the last named is a descendant of the family, his grandmother, Frances Ann, a daughter of Samuel Smith, having married Claude George Thornton, of Marden, Herts.

There was a universal feeling of regard throughout the district for the old firm when the recent amalgamation took place. The *Nottingham Daily Guardian* stated that "The bank has been honourably associated with the history and commerce of this city for more than two centuries, and there will be an almost universal feeling that Nottingham has become poorer and less picturesque now that one of its oldest and most respected institutions has lost its local character."



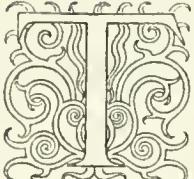
LINCOLN BANK

From a Photo by Harrison, Lincoln.





LINCOLN.

HE banking business at Nottingham, from the time of its foundation, rapidly increased, not only in that town and neighbourhood, but also in the adjacent counties of Leicestershire and Lincoln. In the latter county, Abel Smith, in 1775, established a branch as an offshoot of the Nottingham bank. Lincolnshire had always been known as an agricultural county, and its chief town is noted for its manufactures of agricultural machinery.

These branch banks were separate institutions, and in this respect differed somewhat from our modern system of a central institution, controlling a large number of branch establishments.

At Lincoln, Abel Smith entered into partnership with Richard Ellison and John Brown, and no change occurred until 1808, when the members of the firm were Samuel Smith, Henry Ellison and Richard Ellison, the latter being father and son. In 1829 the additional partners were Abel and

Henry Smith, and the business was then carried on under the title of Smith, Ellison & Co., until the recent amalgamation with the Union Bank of London.

In 1833 the Hon. A. Leslie Melville, who had married Charlotte, a daughter of Samuel Smith, became a member of the firm, and no change occurred until 1836, when, in consequence of the death of Samuel and Henry Smith, the business was carried on by Abel Smith, Richard Ellison, Henry Smith, and the above-named Hon. A. Leslie Melville. The next alteration in the constitution of the firm took place in 1859, through the death of Abel Smith and Richard Ellison.

With regard to Mr. Abel Smith, the following record has been preserved at Lincoln : "As a man of business, his characteristics were sound judgment, great firmness and decision, united to a most considerate liberality, and a memory so retentive as even to embrace the minutest details. To his family and partners his loss is irreparable."

In 1859 the partners were Henry Smith, Robert Smith, A. Leslie Melville, and A. S. Leslie Melville, but in 1876, in consequence of the death of Mr. Henry Smith, a new partner joined the firm, viz., Mr. Henry Abel Smith.

Mr. A. Leslie Melville died on 19th November, 1881, the following being a record of his character :

"For fifty years a Resident Partner, he managed the bank with great ability and success, and largely extended its



A. LESLIE MELVILLE, ESQ.

business. He was much respected in the county, and his advice and counsel were sought by all classes, and his loss greatly lamented."

His portrait, which has been reproduced, was given him by the Country Bankers' Association, together with a service of gold plate, as a token of their appreciation of his services on behalf of the country banks.

Mr. A. H. Leslie Melville then became a member of the firm.

The above particulars respecting the Lincoln branch were placed in a bottle when the foundation stone of the new banking premises was laid.

There were at that time branches at Brigg, Caistor, Gainsborough, Grimsby; and agencies at Market Rasen and Frodingham.

In 1890 Mr. Henry Abel Smith died, and his son, Mr. Francis Abel Smith, was admitted as a partner, and in the same year Mr. Eustace Abel Smith, son of Mr. Robert Smith, became a partner.

In 1894, Mr. Robert Smith, who was also a partner in the London, Nottingham, Newark, and Derby houses, died.

In 1899 Mr. A. B. Leslie Melville, son of Mr. A. S. Leslie Melville, became a partner, and in 1901 Mr. J. H. Shipley (formerly connected with the Bank of Liverpool) joined the firm.

When the recent amalgamation of the Lincoln bank, including its branches at Brigg, Caistor, Gainsborough,

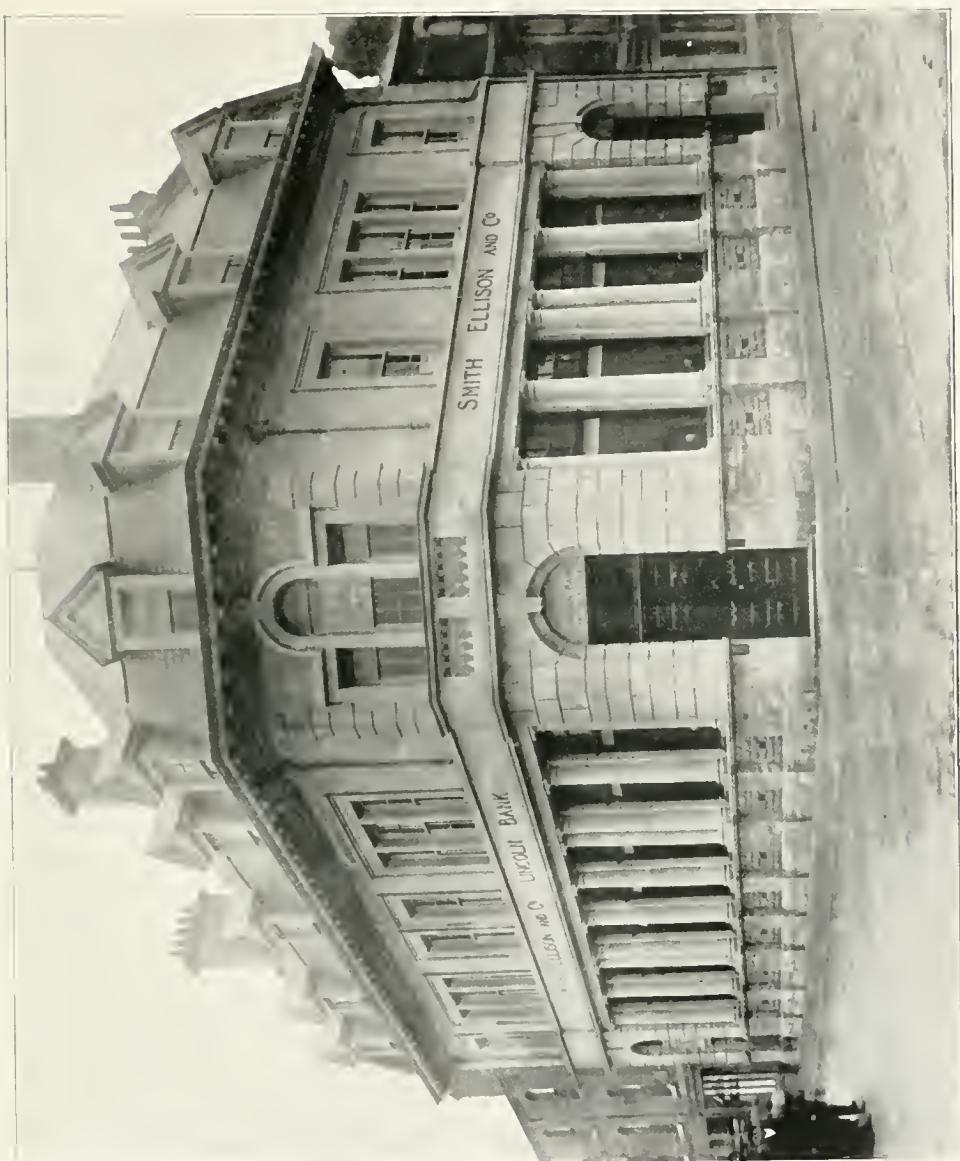
Grantham, Grimsby, Grimsby Docks, Scunthorpe, Sleaford, Market Rasen, with the Union Bank of London, Ltd., took place, the partners were :

A. S. Leslie Melville,
A. H. Leslie Melville,
Eustace Abel Smith,
Francis Abel Smith,
A. B. Leslie Melville, and
G. H. Shipley.

Mr. C. J. M. Pym and Mr. M. J. Paget were also associated with the firm in the management of the business.

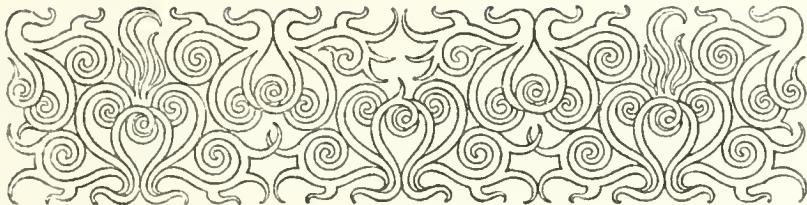
Reference has been made to the presentation to Mr. A. Leslie Melville; his son, Mr. A. S. Leslie Melville, was recently presented with his portrait by numerous friends, in order to mark their appreciation of his services as a banker who, during a long business career of fifty years, has shown himself a gentleman with a character full of human sympathy and kindness.

In the first ledger of 1775 there were 125 accounts, but in 1885 they had increased to 1,250, which shows that the bank had largely extended its business operations. It was not customary to have new ledgers half-yearly, as at the present time, consequently we find that the old ones were strongly bound. The first ledger had 203 openings, and lasted eleven years, but the business has grown to such an extent that eight ledgers of 600 pages are now necessary.



SMITH, ELLISON & CO., GRIMSBY DOCKS.

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HULL AND DERBY.

S already stated, the firm had business relations with other large towns, and consequently, Mr. Abel Smith, in 1784, determined to establish a bank at Hull. This ancient town was an important one, being the third port in the United Kingdom; the value of its exports and imports was only surpassed by London and Liverpool.

Much of the early prosperity of the town was due to the enterprise of the famous merchants. Amongst them were the De La Poles, who were high in favour with successive English monarchs.

In the reign of Edward VI Hull supplied for the armament against France 16 ships and 466 seamen, whilst London only supplied 25 ships and 662 seamen, which shows its great importance even at that early period.

Henry VI granted the town additional charters, and made it a county in itself, under the designation of the Town and County of the Town of Kingston-upon-Hull.

An interesting map of the town, dated 1640, shows that it was strongly fortified in order to resist invasion either from the land or sea.

Hull is one of the principal shipping ports for the manufactures of Yorkshire and Lancashire, and imports large quantities of grain from various foreign countries, and timber from Norway and Sweden. The import of cattle is very large, and the fishing industry an important one; the staple industry of Hull is seed-crushing for oil and cake making, and its manufactures are of considerable importance.

The merchants of Hull were determined on extending English commerce, which added to the prosperity of the town. Among these was William Wilberforce, merchant, having business relations with Russia, and in 1732 Abel Smith apprenticed his son Abel, the younger, to learn the trade of a merchant adventurer, which shows that the father considered a commercial training of some importance, especially for his son, who was destined for the banking profession.

Abel Smith was connected by marriage with the great statesman, his wife's sister having married the father of William Wilberforce. The two families were therefore on terms of great friendship, which is shown by the following letter addressed to John Henry Smith, who subsequently became the resident partner :



WILLIAM WILBERFORCE.

(From a Painting by George Richmond).

To face p. 59

"Alleshed Hall,

"Sunday Morning, 24th June, 1827.

"My dear Sir,

"It was not till yesterday, when on my way back from a tour to Matlock, Dovedale, etc., that I heard about my old friend and near relative, Geo. Smith, lived at Derby. Indeed, I was not aware that you had a bank there, tho' that at Nottingham I had known all my life, having spent many weeks together with your grandfather and g^d. mother many years before you were born, and when yr. Father was a mere Boy. It really grieved me to think I had been for a week so near you without calling on you, or making any attempt to see you. We came home so late, Mr. G. had some company to dinner, that I did not write to you yesterday, and therefore, tho' contrary to my ordinary practice, I take up my pen to-day (Sunday) to say that you will give me real pleasure if you will let me see you before we go after Bkft. on Tuesday Morn^g next. The longer I live the more I value my old family relations and friends, and I hope to all yr. family that all mine will for generations continue mutually to feel the cordial regard and good wishes with which I am,

"My dear Sir,

"Ever sincerely and affectionately,

"W. Wilberforce."

Lord Carrington has a fine portrait of the celebrated statesman, and underneath is the following quotation from

Lord Rosebery's "Life of Pitt":—"There remains at Hollwood an ancient memorable oak under which William Wilberforce and Pitt resolved on that campaign against the slave trade which gave honour to the one and immortality to the other."

It appears that William Wilberforce soon retired from the bank, possibly in consequence of his Parliamentary duties. The following draft shows that a change in the constitution of that firm had occurred:

Hull, 13 March, 1784.

On demand pay to R. A. Harrison, Esqre., or order
Three pounds eighteen shillings and eightpence halfpenny
value received.

For Abel Smith, Esq., & Sons,

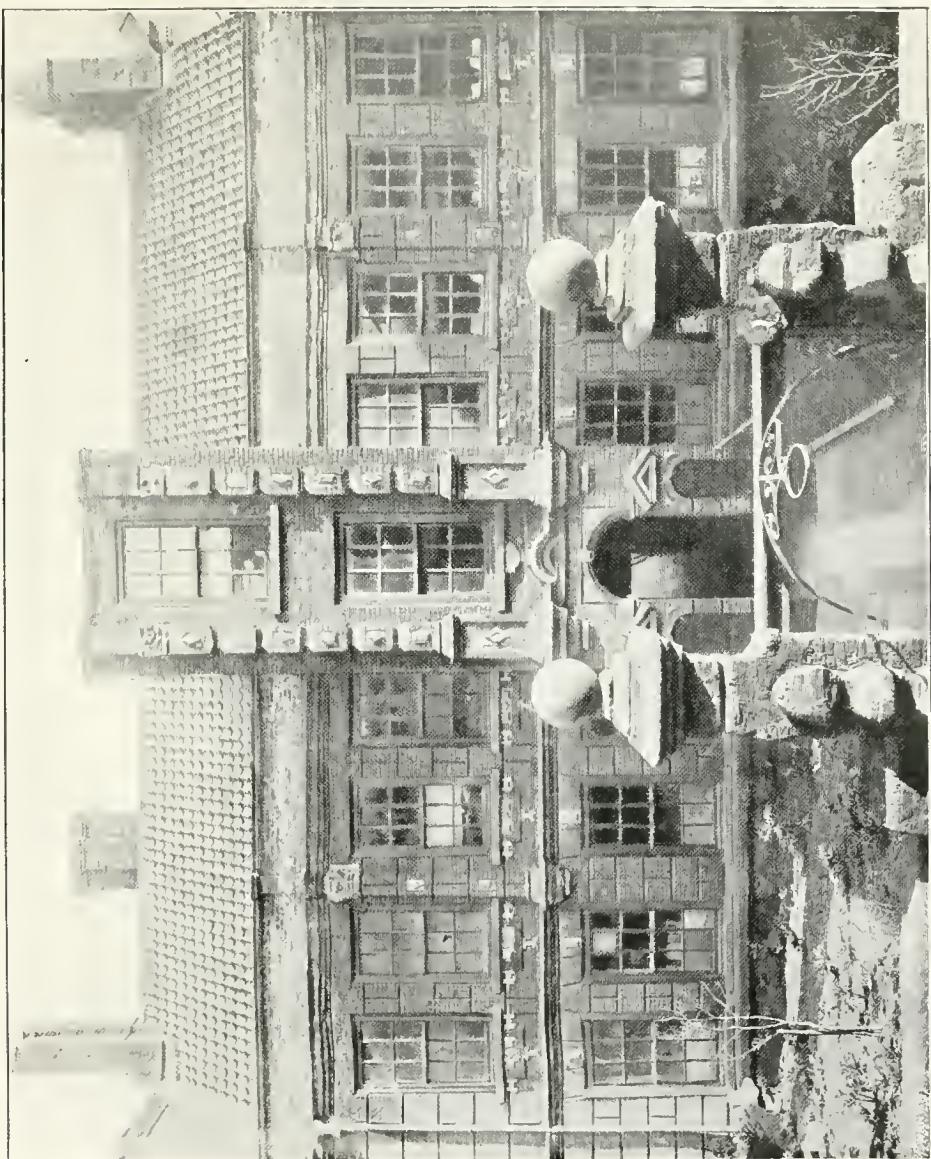
Thomas Thompson.

To Messrs. Smith, Payne & Smiths,
Bankers,
London.

The great statesman died in 1833, and was buried in Westminster Abbey; Samuel Smith, his partner in the Hull bank, also died in the following year.

According to a draft dated 1788, the firm consisted of the following members:—Abel Smith, Robert Smith, Samuel Smith, and Thomas Thompson, and bank-notes dated 1801 give the style of the firm as Smith & Thompson. The latter entered the bank as a clerk, and became subsequently a partner, which lasted until his death at Paris, in 1728.

WILBERFORCE HOUSE, HULL.



Wilberforce House was sold in 1830, and according to the conveyance, the property is described as follows:—"All that capital messuage tenement formerly in the occupation of the said Robert Wilberforce afterwards of his widow Elizabeth Wilberforce since of Thomas Thompson Esquire and now or late of Smith Brothers and Co. Bankers.

"And also all that warehouse, staith, erections and buildings adjoining to the said capital messuage formerly in the occupation of the said Robert Wilberforce afterwards of Messrs. Wilberforce, Smiths & Co."

The historic building which was the birthplace of the celebrated statesman contains several finely panelled rooms, two of them, on the ground floor, having elaborate carved mantelpieces. The hall is paved with marble, and the staircase is an exceeding fine one. This celebrated house in which the Smith family started as bankers has recently been acquired by the Hull Corporation as a museum and a permanent memorial to the great statesman. It might also be mentioned that in this house Charles I was entertained by Sir John Lister; William Penn, before setting out for Pennsylvania, also stayed here for some time.

In January, 1829, the firm became Samuel Smith, Brothers & Co., and the name has not since changed.

Mr. John Henry Smith, who was resident partner in 1830, came from Derby, but subsequently removed to London, and became a partner in the London house.

Samuel Smith was succeeded by his eldest son, Abel Smith; the last partners of the Hull bank prior to the amalgamation were Mr. Eric Carrington Smith and Mr. Martin Ridley Smith.

The banking business was removed in 1829 from Wilberforce House to the present premises in Whitefriargate; the promissory notes already mentioned have an illustration of the old Custom House, which is considered an excellent picture of the same.

The bank was always known by the name of the Custom House Bank, since the firm were the bankers for the Inland Revenue, until the Bank of England opened a branch in the town.

DERBY.

The Derby branch was established in 1806, the first entry in the ledger being of that date. The bank occupied part of the present premises, then called Rotten Row, now Market Place.

The two banks which appear to have originally transacted the banking business of Derby were Crompton, Evans & Co., and Messrs. Samuel Smith & Co.

Mr. John Henry Smith, who was born in 1795, and died in 1887, was the resident partner until his removal to Hull; the partners of the bank at the time of the amalgamation with the Union Bank of London were Mr. Eric Carrington Smith and Mr. Martin Ridley Smith.



DERBY BANK.

(From a Photo. by Richard Keene, Ltd., Derby.)

To face p.



Messrs. SMITH, PAYNE & SMITHS.



REFERENCE has been made to the establishment of the London House, and it will now be necessary to give further details with regard to its early and subsequent history.

The foundation of the London business was partly due to Samuel Smith, who carried on the business of a goldsmith in Wood Street, but as the business of his brother Abel at Nottingham was increasing rapidly, the latter proposed the formation of a London bank, as he no doubt was ambitious to establish an agency in the great Metropolis.

This was a unique experience for a provincial firm, and it showed the business capacity of Thomas Smith ; the first London partners were therefore Thomas and Samuel Smith.

At the death of Thomas Smith, in 1727, the balance owing from Samuel Smith to him was £4,000. There is an interesting bill of exchange drawn from Gibraltar, dated 16th September, 1740, upon Samuel Smith, of Wood Street, which is reproduced :

Laus Deo, Gibraltar,
16 September, 1740.

p. £20 sterling.

At twenty days' sight pay this my first of exchange
to Mr. Ezekiel Hall or order Twenty pounds sterling
value received of Messrs. Hall Ravel and Wombwell
and place it as p advice.

From W. Boothby.

To Mr. Samuel Smith,
Banker,

in Wood Street, London.

Endorsed No. 1009.

pd. the 26 Nov., 1740,
Ez. Hall.

Witness for the Bank
N. Brabins.

Thomas Smith was High Sheriff for Leicester 1717-18,
and as already stated, on his death the business was carried
on by the two surviving brothers, viz., Samuel and Abel
Smith, the former managing the London business.

In the next generation a dispute arose as to the management
of certain charities in Nottingham, which led to a
dissolution of partnership, and the establishment in London
of the firm of Smith & Payne, the partners being Abel Smith,
son of the former Abel, and John Payne, of London.

This occurred in 1758, and several interesting particulars
with regard to the family history of John Payne were published
in *Longman's Magazine* for January and April, 1889,

BILL OF EXCHANGE DATED 1740.

under the heading of "A Queen Anne's Pocket Book." It appears that a small pocket book was found in the vaults of Smith, Payne & Smiths some fifty years ago, and in it was written "John Payne, 1699." This book cost 1s. 4d., and we have some interesting particulars as to several articles purchased by young Payne during his apprenticeship for seven years, to learn the business of a hosier and haberdasher.

During this period he spent £64 19s. 11d., for which he debited his father, and £19 15s. 9d. on his own account.

He seems to have been very careful over his expenditure, because every item is taken into account. His success in life was partly due to saving habits, which is seen from the following entry in the pocket book. "Spent less than I had saved before and given me after I came to towne in ye 7 years £3 13s. 2d."

His apprenticeship ended in 1703, and no doubt he had won the esteem of his employers, because he seems to have received, at once, £5 weekly as salary.

Very soon afterwards he fell in love with Mistress Lydia Durrant, and a very quaint letter to her is preserved.

"For Mrs. Lydia Durrant att
"Mr. Henry Woodgate's in
"Gouldhurst, Kent,
"By Stone Crouch Bay.

"I wish it were any way in my power and I hope it will ere long to show ye true affection I have for you,

and I value myself upon ye opportunity I promise myself of shortly kissing ye hand. If you did believe or could imagine how great a refreshment a letter from you would afford me at this melancholy distance you would not faile to write by the first post."

This melancholy distance of thirty miles did not seem to keep the lovers apart, and their affection ripened so quickly that it soon ended in matrimony.

John Payne's Note Book has the following entry of the marriage :

"Entered into ye holy State of matrimony Sep. 4, 1706."

His eldest son, John, was born October 13th, 1708.

In 1709, John Payne went down to manage his estates in Huntingdon, where he seems to have been in possession of about £1,000 per annum in landed property, chiefly consisting of small farms let to tenants at from £20 to £50 per annum.

We have already stated that he was apprenticed for seven years, and the following entry from the Haberdashers' Company's Records gives us the necessary particulars :

"John Payne, son of John Payne, of Cottesbrooke, in the County of Northampton, grazier, bound to John Jenkins, citizen and Haberdasher, of Fetter Lane, London, for the seven years from 20th March, 1695-6."

His father died in 1706, and on the death of his mother, Elizabeth Paine, late of the parish of St. Vedast, *alias* Foster, widow, her executors being her son John, and grandson John

Paine, also her daughter Elizabeth Payne, and son Thomas Paine, of Oundle in Northamptonshire, with Mary his wife. She adds, "I forgive my son John all the money he owes me upon his notes, and all the other money I lent him which I have not notes for."

Possibly John Payne had been in the habit of borrowing money by means of bills of exchange, as well as lending the same, and thus became, in some degree, a banker.

He died in 1747, and was buried at St. Vedast, *alias* Foster, near his late wife.

His son John subsequently became a partner in the firm of Smith & Payne, and was possessed of considerable wealth. According to his father's will, John had formerly been given £2,000 "to bring into stock and partnership with himself and their partner in trade, Mr. Thomas Swayne. He devises all his lands, tenements, and estates at Sulby and Welford in Northamptonshire, as also the lease of the tithes of the last named parish, besides estates at Sherrington in Buckinghamshire, and at Husbands Bosworth and North Kilworth in Leicestershire, and his houses in Bow Church Yard." He also gave his ten grandchildren £1,000 each.

We do not know how John Payne became acquainted with Abel Smith, but possibly the fact of Thomas Smith, of Nottingham, having been a mercer, some business transactions might have taken place between the Nottingham bank and the successful merchant in London.

The following agreement was signed when the new firm started in London as bankers :

“ 17 April, 1758.

“ Articles of Agreement for Partnership between Abel Smith of the Town of Nottingham Esquire of the one part and John Payne of the City of London Esquire of the other part.

“ Abel Smith to have two-thirds and John Payne one-third.

“ Abel Smith to manage the business at Nottingham and John Payne in London.

“ No capital at first to be subscribed.”

Reference has been made to the connection of Abel Smith with Mr. Payne, and the following interesting letter from Abel Smith to John Payne, two years later, gives more details as to extending the banking business :

“ December 16th, 1760.

“ You already know my sentiments in regard to making our business in London general, and wish you had thought this a proper time to make a beginning, as I could bring a capital of £30,000 or £40,000 into the business if it should be wanted, that I think there would not be much hazard in making the experiment. The banking business was begun here before the Revolution (1688), which has been carried on to this time with the greatest credit, that I am of opinion, with care and diligence, we should in a few years be equal in credit to the best houses in England.”

The remarks of Abel Smith as to the position the new firm would occupy in the financial world was realised within the next fifty years, when the bank became one of the principal lenders to the Government.

His partner, John Payne, of the parish of St. Margarets, Lothbury, London, Esquire, married Elizabeth, a daughter of Mrs. Louisa de Bonville, and died at Roehampton, August 26th, 1764, possessed of great wealth, his will, which is a very long one, bearing date May 5th of that year. One bequest may be noticed, viz., £100 for the same end and purpose as the like sum was given by the *will of my honoured father* for teaching poor children in the parish of Welford.

We are able to connect John Payne with Abel Smith, since they both commenced business at Coleman Street, Lothbury, and also in consequence of ledger entries in the books of Smith, Payne & Smiths.

His executors were Mrs. Elizabeth Payne, Widow René Payne, the eldest son, George Rodney, and Samuel Chapman. He left his estate at Dunton Bassett, Leicestershire, to his wife for life, and then to René Payne. To his second son John an estate at Holford, Northampton, and £5,000; the youngest son, Edward, received the property at Roehampton, and also a like sum. The eldest son, René, had the lease of the house in Lothbury and the residue of the estate. There were also legacies to his three daughters. It appears that John Payne had lent his son René £5,000 in order to become

a partner with his uncle Edward, and a ledger entry of 1790 gives the name of the firm as Edward and René Payne & Co. The other members of the family who had accounts with the bank in that year were Mrs. Elizabeth Payne and the sons already mentioned. There is also an entry relating to the Dunton Bassett property. We are therefore able to identify that family with the young apprentice John Payne, 1699, and thus solve the mystery of Queen Anne's Pocket Book. From an old Directory dated 1763, Edward Payne is described as of King's Arms, Coleman Street, and John, Edward, and René Payne, of Lothbury, the same place where the banking house of Smith & Payne was established.

In 1775 Edward Payne was a Director of the Bank of England.

His son, René Payne, became a partner in the London banking house on the death of his father.

The Morning Herald and Daily Advertiser of July 9th, 1784, states that the subscribers to a Lord Mayor's fund were René Payne, Robert Smith, and Sam Smith. The firm was then described as of George Street, Mansion House, where they had been for eight years. Subscriptions for this fund were received by Smith, Payne, Smiths & Payne.

Although the names of father and son were retained in the style of the firm, John Payne had died in 1764, as before mentioned.

The partnership with the Payne family lasted until 1799, when René Payne died. He was, like his father, possessed of great wealth, and appointed as his executors and trustees, Robert Smith, Samuel Smith of Nottingham, and Vicary Gibbs, to each of whom he bequeathed £5,000.

Robert Smith, as before stated, subsequently became Lord Carrington.

To his clerks at Lothbury, Lombard Street, and Nottingham, £10 each. This shows that, although a banker, he was still associated with the firm of Edward and René Payne & Co., in Lothbury.

To his partners George Smith and John Smith, £10 for mourning. There are several bequests to the poor of Cheshunt in Herts., Dunton Bassett, Leicester, and Welford, Northamptonshire ; it will be remembered that his grandfather had property at the last-named place.

His three sons, John, William, and George, received legacies to accumulate until they became of age.

There is a curious entry in the ledger at Lombard Street, which reads as follows :

" 1799. Fines paid by Mr. John Smith for Mr. Payne at the Blue Parlour Club £8 18s. 6d."

This was paid after his death, but we are unable to give any particulars respecting this club, or why the fines were due from his estate.

George Payne, a well known member of the turf, was a descendant of this family.

According to the London Directory, the firm appears to have carried on business at Lothbury in 1759, but are described in 1765 as of near Coleman Street. The following year their first connection with Lombard Street began, although in 1768 they seem to have gone back to their old premises of *near* Coleman Street. However, in 1770 they settled at 18, Lombard Street, now occupied by the Phoenix Fire Assurance Co., the old sign of the Phoenix being still preserved.

There is an old ledger in the possession of the firm dated 1775, which gives some interesting particulars respecting the transactions at that period.

The following are some of the entries :

Bell Inn.

Eastwood Turnpike.

Wilberforce.

Wilberforce & Smith.

Subscription to the loan, 1779, £14,445.

The account of Wilberforce & Smith shows that the Hull bank was then carried on by Samuel Smith and William Wilberforce.

The expenses account, which corresponds to the profit and loss account of the present day, has some interesting entries as follows :



OSWALD SMITH, ESQ.,
BIENDON HALL, KENT.

10 Loads of Coal	£	10	11	9
Subscription for Paving Fletchingate		4	4	0
To Cheese		5	17	9 $\frac{1}{2}$
To Oysters		2	2	0
To a Lottery Ticket ...		12	0	0
Coach Duty		4	0	0
Woolmer for Cloth		14	15	0
Frost Farrier		11	3	0
Burch & Son for Old Hock ...		10	1	6
Hay		17	3	0
Deverell for one year's boatage		0	10	6
1776—112 Notes written off...		485	11	8
34 ,, ,, 		124	10	3
1778—221 ,, ,, 		651	17	9

With regard to the purchase of a lottery ticket, it was the custom of the Government at that period to raise money by such means, and tickets could be obtained at various places in the Metropolis.

The old bank, according to an engraving dated 1754, was an imposing structure, and had a balcony on the first floor; during the rebuilding of the premises, in 1836, the business was carried on at the South Sea House. It had been the custom for eight junior clerks to reside on the premises, and whilst the new building was being erected, they were accommodated over a bootmaker's shop in Bishopsgate Street.

It will be noticed that wines were supplied by a firm which still exists in Cornhill ; the charge for boatage is a curious one, but possibly it was necessary to get across the river for business purposes. At that time many London bankers lived on the premises, and consequently we find entries relating to household expenses.

There were stables at the back of the present premises, and as horses were kept by the partners of the firm, there are several entries relating to the purchase of hay, corn, etc. ; it was customary for the partners to drive into the City with postillions, and consequently the stables were utilised.

The notes written off represented promissory notes in the hands of the public, and when presented at due date were paid and cancelled.

Mr. Smith's eldest son, Abel, died soon after his election for Nottingham, in 1779, and the next son, Robert, who was elected in his place, afterwards became a peer, under the title of Lord Carrington.

The late Mr. Oswald Augustus Smith furnished me with an interesting letter from the first Lord Carrington, which gives the date of the foundation of the London office; previous to that date it was only an agency to the Nottingham bank.

This letter is dated Whitehall, December 25th, 1819, and is addressed to Mr. George Smith :



GEORGE SMITH, ESQ.,
OF SELSDON, M.P. FOR WENDOVER.

“ My dear George,

“ I went into the City this morning, but to my great surprise found the coast clear. By one of the clerk’s account it seems that you finished your General Balance last night, a thing I should have thought impossible.

“ My object in this visit was to have told you that it is fifty years this day since I commenced the establishment in Lombard Street; it was till then a house to be drawn upon from Nottingham.

“ We settled, as you seem now to have done, the General Balance at night, and Bowman, when he gave up the keys, took great credit for having left all going on at an expense of only, I think, £2,400 above his profits.

“ I am always,

“ Yours most affectionately,

“ Carrington.”

This shows that the old bankers were in the habit of balancing their books half-yearly with the ledgers, on the 30th June and 31st December, and this practice is still continued by many of the London banks.

Lord Carrington gives the date of 1769 as the date when he commenced banking business, but the old firm, conducted by Abel Smith and John Payne, must of necessity been somewhat of a banking character, so that the date of the London house can be given as 1758. The firm removed, as already stated, from Coleman Street to 18, Lombard Street, at the sign of the Phœnix, which was not a pre-fire sign, but

had been adopted by a new house after the Great Fire, where they remained for twelve years. Before the Great Fire this house was known by the sign of the Hatt and Harrow; in one deed called the Hat and Arrow, in occupation of one Stephen Hill. After the Great Fire the sign of the new house was the Hare.

In 1782 the Phoenix Fire Insurance Company purchased the house, and the sign was altered to the Phoenix, which was originally the sign of No. 10.

The present Clearing House is actually on the site of Messrs. Smith, Payne & Smiths' stables at this place. The firm appeared to have covered in the stable yard, but it is not certain whether any of the walls belonging to the stables, which were at the back of the premises, are still in existence.

After leaving 18, Lombard Street, the firm removed to George Street, Mansion House, formerly called Bearbinder Lane.

The Parliamentary influence of the Smith family at this period was great, because in one House of Commons they held no less than seven seats.

When Lord Carrington retired from the firm, the management of the business devolved chiefly on his next brother, Samuel Smith, of Woodhall Park, Herts, who was M.P. for Leicester for many years.

A portrait of the first Lord Carrington, which is a copy of Sir Joshua Reynolds' painting, and who was a particularly



JOHN SMITH, ESQ., M.P.

handsome man, is preserved in the partners' room at Lombard Street. At this period in the firm's history, the other partners were Samuel Smith's brothers, viz.: George Smith, of Selsdon, and John Smith; the latter had the privilege of laying the first stone of the new banking house at 1, Lombard Street, in 1836, and I have thought it desirable to state his prayer on this occasion, as a typical example of the high standard of commercial morality with which the leading merchants and bankers at that period were imbued.

"I invoke the Almighty Disposer of all events (without Whose sanction no human exertions can avail) to look down with favor and protection on this our undertaking, to give permanence to this Building, and to maintain the Prosperity of the family connected with it, so long as they shall continue their Affairs with Fidelity, and Industry, and with Honor, — and no longer."

The name of the firm, which was Smith & Payne in 1759, was altered, in 1774, to Smith, Payne & Smith, when they removed to 18, Lombard Street, but in 1785 it was altered to Smith, Payne, Smith & Payne, of George Street, Mansion House, the René Payne being, as already stated, the son of John Payne. In 1786 the name was altered to its present title of Smith, Payne & Smiths. In 1823 the firm is described as of Mansion House Place, but in 1830 the premises at No. 1, Lombard Street were occupied.

The business increased largely from that date, and some of the largest City firms kept their accounts with the bank.

A cheque drawn by Messrs. Longmans, Green & Co. for £10,000, in favour of Lord Macaulay, being the amount paid to him for his "History of England," was, I believe, the largest amount ever paid at that time for the copyright of a book.

The firm has two interesting cheques drawn by Sir H. M. Stanley, in Central Africa, and for which he received payment from Arab traders; curiously enough one cheque was paid through the Union Bank of London.

The origin of the firm with Samuel Smith, the goldsmith, of Wood Street, is illustrated by the term Goldsmiths' Book, given to the waste book still in use at Lombard Street.

Some reference is necessary to the famous house of Messrs. Rothschild, since the connection between the two houses has in many ways been an important factor in the money market. The first entry relating to this firm is dated 1820, when Hannah Rothschild signs on behalf of N. M. Rothschild, but in 1839 the firm became N. M. Rothschild & Sons; it had also an account for bill purposes at Masterman's, but on their amalgamation with the Agra Bank, in 1864, this account was also transferred to Smith, Payne & Smiths.

The firm was for many years the London agent of the largest provincial banks, until the recent amalgamations took place; it also represented two of the largest Scotch banks, viz., the Bank of Scotland and the British Linen Co. Bank.

At Nottingham it was brought into contact with the great centres of industry, and it represented firms at



SAMUEL G. SMITH, ESQ., M.P.,
OF SACCOMBE, HERTS.

Manchester, Liverpool, Sheffield, Huddersfield, Bradford, and Leicester. Reference has been made to its connection with the Arkwright family; the cotton industry was established by Sir Richard Arkwright at Nottingham, and subsequently at Derby. Smith, Payne & Smiths were the agents for Surtees, Burdon & Co., of Newcastle, and during the panic of 1793 the following announcement was made. False reports injurious to the house of Messrs. Smith, Payne & Smiths and its connection, having been circulated in this neighbourhood, Surtees, Burdon & Co., think it their duty to declare that they are without foundation; Surtees, Burdon & Co. continue to draw on that house as usual; this bank, however, failed in 1803.

Several Roman coins, some mosaic work, and a goldsmith's hammer were discovered when the old premises were pulled down in the year 1836.

After the memorable panic of 1866, the business again considerably increased, so that it was considered necessary in 1875 to enlarge the premises.

There is an interesting record of an assessment of the firm's property in 1804, which might be compared with the value of the property one hundred years after:

“ 19th March, 1804.

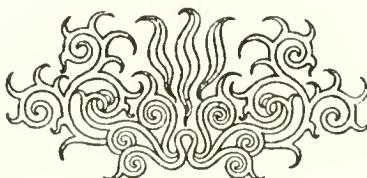
“ An Act passed in the 43rd year of his present Majesty's
“ reign intituled—

“ An Act for granting to his Majesty, until the 6th day of
“ May next, after the ratification of a Definitive Treaty of

"Peace, a Contribution on the Profits arising from Property,
"Professions, Trades and Offices."

In accordance with this Act, the firm was assessed in the sum of £790 for one year, from 5th April, 1802, to 6th April, 1803.

If we compare this with the present assessment, where the rateable value of premises alone is £10,382, we can realise the enormous growth, not only in the value of the land, but also of banking profits as compared with 100 years ago.



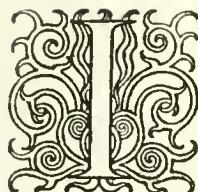


SHANTRETT.

ROBERT SMITH, ESQ.,
OF GOLDFINGS, HERTS.



LONDON PREMISES.



N the present day one can scarcely imagine the appearance of old Lombard Street prior to the erection of the Mansion House in

1739.

In front of the north-east corner and north-west corner of Smiths Bank, but a long way out in what is now the roadway, stood the Stocks Market, which was a meat, fruit and vegetable market, situated on the eastern side of the Wall Brook.

The Church of St. Christopher le Stock, named after the market, occupied what is now the south-west corner of the Bank of England. From the corner of Lombard Street one saw the Church of St. Stephen's, Walbrook, an equestrian statue of King Charles II representing the King trampling under foot Oliver Cromwell, which was erected by a Lord Mayor at that time, and also various stands used for market purposes. The Walbrook was a small stream whose source lay in the northern heights, and after passing through some marshy land entered the Thames near the bridge over the

river at Cannon Street. On reference to an old engraving, which has been reproduced, one notices that Lombard Street had a very narrow appearance, but in 1750 an effort was made to widen it, when six feet was added to the roadway.

The old bank, an imposing structure of four stories, stood at the corner, and there was a narrow alley called New George Street at the western side of the premises. This was subsequently called Mansion House Place, after being considerably widened in 1750; previously it was similar to the narrow passage at the back of the Mansion House.

The traffic of the City increased so rapidly that it was considered desirable in 1814 to add another six feet to the roadway. Subsequently, another three feet was added in 1836, when the new street was completed. All this land was taken from Messrs. Smith, Payne & Smiths' premises.

The formation of King William Street entirely altered the aspect of old Lombard Street. In 1833 it was proposed to form a new street to London Bridge, and an interesting account is given in the *Times* of the contemplated change:—“Very active measures are in progress for the purpose of obtaining the support of the principal merchants, bankers and tradesmen in the City to a plan by which the entrance to the new street, now in course of formation (King William Street) from the Mansion House to the new London Bridge, will be materially improved, and the surrounding neighbourhood rendered more open and convenient. Already the signatures

of a great number of influential merchants have been obtained for the plan for the removal of the banking house of Messrs. Smith, Payne & Smith at the corner of Lombard Street, and a petition has been prepared which it is expected will be presented at the next Court of Common Council, praying the Court to sanction the alteration in the plan received by the London Bridge Commissioners, and which is part of the design of Sir Robert Smirke. The advantages which will be gained by the removal of the house belonging to Smith, Payne & Co., are as follows :—The mouth or entrance to the new street near the Mansion House would be wider than is proposed, by which means facilities would be given to the incalculable increase of traffic which will exist from the many intersecting streets, and thus continued stoppages are avoided. If the banking house were removed, an uninterrupted view of the portico of the Mansion House would be obtained, also a portion of Cheapside and the now hidden but beautiful Church of St. Mary Woolnoth would be seen from the Poultry, and a sudden and bold view of the new street, with the Monument in the distance, would present itself at the eastern corner of the Mansion House."

On the completion of the new street another three feet was added to the roadway, as previously stated, so that Lombard Street was originally fifteen feet narrower at its western entrance, and at the extreme east, the old premises projected twenty-eight feet, this portion having been acquired by the Corporation in 1836.

The Mansion House was built on the site of the Stocks Market, which was at first only for the sale of flesh and fish, but subsequently became of a general character.

Mr. F. G. Hilton Price states, in his paper on Lombard Street, that the house known by the sign of the Angel stood at the south corner, as near as possible on the site of the present premises. The actual sign cannot be ascertained, but when alterations were carried out in 1873, a sign in cast iron of the George Street premises was found, representing a cock fighting a snake, dated 1652. The house in question was in George Street, and was formerly the bank of Sir C. Raymond & Co. Another description of the sign is that of the early bird catching the worm, an apt illustration of the firm making use of every opportunity in order to expand its banking business.

There is no record of the tenant of No. 6, but No. 7 was, in 1723, occupied by Robert Tempest, a goldsmith, and the sign of the house was the Three Crowns; it was subsequently occupied by Mr. Deputy Smith, a druggist. No. 9 is described as being situated on the west side of the Phoenix, and was called the Golden Anchor. No. 10 was at the corner of Sherborne Lane, in Lombard Street, west of the church. In Mr. Robart's deed, we learn that Sir R. Vyner built this messuage called the Phoenix, formerly known as the Bull and Cock, in the possession of Mr. White, goldsmith; Sherborne Lane entered Lombard Street close in front of the church.

Sir Charles Raymond, who occupied the George Street premises, was originally a partner in Raymond, Williams, Vere, Lowe and Fletcher, and this firm, according to the London Directory of 1771, were located at 81, Cornhill, but afterwards removed to 22, Birch Lane, and subsequently became Williams, Deacon, Labouchere, Thornton & Co.

In 1778 Sir Charles Raymond retired from the firm and established another bank at George Street, Mansion House, under the title of Sir Charles Raymond, Bart., Harley, Webber & Co., so that Messrs. Smith, Payne & Smiths must have carried on business in adjoining premises.

In 1789 it was styled Harley, Cameron & Sons, but in 1799 the firm no longer appears in the list of bankers, and it is presumed that Smith, Payne & Smiths then acquired the premises, as no other bank in George Street is mentioned.

In Mansion House Street there were several private banks, viz. :

Forster, Lubbock, Bosanquet & Co.

Newnham, Everet, Drummond & Tibbits (failed 14th December, 1825).

Harrison, Prickett & Newman (stopped payment in 1866).

Sikes, Snaith & Co. (stopped payment 11th December, 1825).

The first-named bank still remains, the title being subsequently altered to Robarts, Lubbock & Co.

It seems strange that two of the largest private banks recently in existence should have carried on business near each other, and also so successfully that their names must always be honourably associated as distinguished representatives of the old methods of banking. Their connection with the Clearing House will be dealt with in a subsequent chapter.

The last bankers in Mansion House Street were Sir W. Kay, Bart., Sir Charles Price, Bart., J. Marryat, and J. Coleman.

The firm commenced business at the back of the present premises, viz., in Mansion House Place, in the year 1785, which was then called New George Street ; but they only rented the premises until 1799, when they were purchased by George Smith from Mr. and Mrs. Walter Vane. The property consisted of two blocks, one at the corner of Lombard Street, and the other in the centre of New George Street. The area of these blocks was as follows :—The first 30 feet frontage in Lombard Street and 50 feet in George Street ; the second being a smaller one in the latter street, viz., 22 feet by 12 feet.

In order to realise the enormous increase in the value of land in the City of London, it might be stated that two pieces of land were sold, in 1799, for £950.

The next portion was purchased in 1806 from Mr. Chas. Morgan, and situated in Lombard Street, being described as "that messuage marked with the number 1, situate on the South Side of the Street called Lombard Street, in the occupation of Henry Locker, and number 2, in the occupation of Messrs. Chase & Cox."

The next purchase was in 1810, when premises in New George Street, now called Mansion House Place, were purchased from Sir John Frederick, Bart., and described as "a messuage, Yard and Offices in the parishes of St. Mary Woolnoth and St. Mary Woolchurch."

An addition was made in 1812, when another block in Lombard Street was purchased from Henry and George Ledger, Silk and Cotton Manufacturers, described as "all that and those Toft and Tofts of ground and soil, being on the South side of Lombard Street." The old English word Toft means a place where a messuage once stood; this purchase added about twenty-two feet frontage to the Lombard Street premises.

In 1829 another portion was added, by the purchase of a piece of land from the Commissioners of Sewers.

The largest addition took place in 1836, when premises in George Street and Dove Court were acquired from Alexander Maitland and others. The property is described as "6 messuages in George Street and Bearbinder Lane, two in Dove Court, and also the gateway or passage leading

out of St. Swithin's Lane into Dove Court; also the passage leading out of George Street into the same court."

The last addition to the Lombard Street frontage was purchased in 1837 from the Corporation of London, in consequence of an Act of Parliament passed during the reign of George IV for improving the approaches to London Bridge.

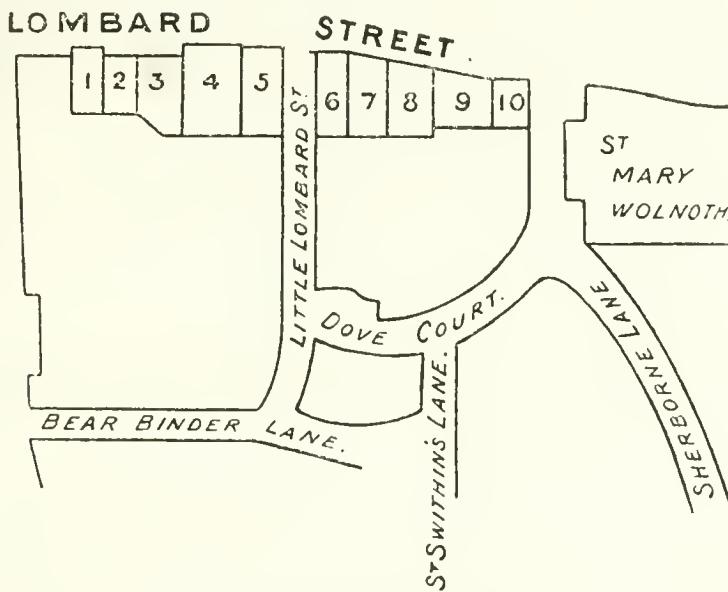
The piece of land purchased in 1829 projected twenty-five feet into the roadway, and therefore it was necessary for the Corporation to acquire this in order to make the new street; this was the last improvement in Lombard Street prior to the erection of the present buildings.

In 1839 another addition was made to the George Street premises by the purchase of Friend's Eating House, which was situated about fifty feet from the corner of Mansion House Place; a piece at this end was acquired from the Corporation of London in 1846. At the same time the Corporation sold to the firm a piece of land described as the site of a passage leading from Dove Court to Lombard Street; this was evidently the last portion of Little Lombard Street, and as it only led into Dove Court was of no practical value.

The following sketch, which is taken from Mr. Hilton Price's paper on Lombard Street, read before the Institute of Bankers, gives some idea of the changes which have taken place.

No doubt the old members of the firm possessed a considerable amount of wisdom in purchasing one of the most valuable sites in the City of London; Abel Smith was ambitious in starting a London business, and his sons realized the fact that commanding premises are of some importance, especially for a bank.

MANSION HOUSE.



It will be seen that Dove Court and Little Lombard Street have disappeared; with regard to the latter, it was, in fact, practically abolished in 1836, on the completion of the new street, since it only led into Dove Court, now called Gresham Place, consequently the Corporation of London, as already stated, sold the remainder to the firm in 1846.

All the houses, from Little Lombard Street to Sherborne Lane, and numbered 5 to 10 inclusive, were purchased by the Commissioners of Sewers for street improvements; Sherborne Lane entered Lombard Street close in front of the church prior to the alterations.

On the site of the present premises, Messrs. Denison, Heyward and Kennard, in 1837, carried on business as bankers, until the firm was amalgamated with the Consolidated Bank. From 1770 to 1775 these premises were occupied by Messrs. Chaters & Rivers, bankers.

Bearbinder Lane, which is spelt Bierbinder Lane in some of the earlier deeds, is mentioned in City records as early as 1358; it was the spot where the plague, in 1665, first made its appearance.

This lane was the direct communication between the two churches of St. Mary Woolnoth and St. Mary Woolchurch Hawe; the latter was one of the thirty-six churches destroyed in the Great Fire of 1666.

The name of the church was derived from the circumstance that a beam was fixed in the churchyard for the purpose of weighing wool; the Stocks Market adjoined the church, and was situated on the site of the present Mansion House. When rebuilt, in the reign of Henry VI, it was ordered to be placed fifteen feet from the Stocks Market, so that it stood partly on the premises of Smith, Payne & Smiths.

When the new premises were built, in 1836, the Corporation of London requested the owners of property to

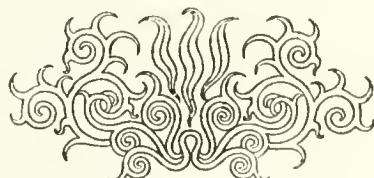
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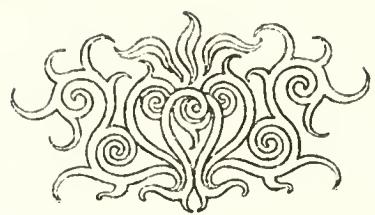
MESSRS. SMITH, PAYNE & SMITH'S BANK,
1, LOMBARD STREET, E.C.



adopt a uniform style, and we find several buildings, including the Liverpool, London and Globe Insurance Co.'s office, which is now being pulled down, built in the Italian style of architecture. The most notable feature in the present building is the partners' room, which is of high elevation, and beautifully wainscotted in oak.

With the exception of the Bank of England, it is possibly one of the finest sites in the City of London; it covers an area of 18,520 square feet, or nearly half an acre, and, like the Bank of England, it is completely isolated from adjoining property, the boundaries being St. Swithin's Lane, George Street, formerly Bearbinder Lane, Mansion House Place, and Lombard Street, and is situated in three parishes, viz., St. Stephen's, Walbrook, St. Mary Woolchurch, and St. Mary Woolnoth. It might be observed that the Bank of England is situated in four parishes.







GOVERNMENT LOANS.

NE of the most important facts in connection with its history, and which contributed largely in its maintaining a high position in the financial world, was that it became a lender to the Government of the day; this no doubt was principally the cause why the firm always held large reserves of Government Stock.

In the present day the most important asset of a bank after cash is Consols, because this Stock can readily be sold; the early bankers realised this fact, especially during times of financial crises, when it was desirable to hold large amounts of Government Stock to meet sudden withdrawals. Another reason why they held Consols was in consequence of there not being any other form of investment. Foreign Government Loans were unknown, the earliest quoted in London being French Rentes and Dutch Bonds.

On reference to the 1775 ledger in the possession of the firm, I find an entry of a subscription to the loan of 1779, viz., £14,445, but after that date the position of the house became

an important one, very similar to our great financial houses of Messrs. Rothschild and Baring; this is shown by extracts from the *Times* and other papers, and I have thought it desirable to quote some of the particulars *in extenso*, since the methods of issue were somewhat similar to those of the present day.

The first extract is from the *Times*, dated February 5th, 1801, and is as follows:—

“We understand there are five lists already announced for the ensuing loan, so that Mr. Pitt will not want offers of money at least.

“The lists are:—

“1st. Messrs. Robarts & Co., Sir F. Baring & Co., and Messrs. Goldsmid.

“2nd. Messrs. Smith, Payne & Smiths.

“3rd. The Committee of Bankers.

“4th. Messrs. Newnham, Everett & Co., and their friends.

“5th. The gentlemen of the Stock Exchange.

“To state the reports of the amounts to be borrowed might only mislead; nor is it announced whether the Chancellor of the Exchequer will borrow the Loan at one or two biddings.”

The next extract is as follows:

“February 17th, 1801.

“Yesterday morning at ten o'clock the gentlemen who offered terms for the loan of the present year met Mr. Pitt in

order to conclude the bargain, when Messrs. Robarts & Co. and their friends, who had joined Sir Francis Baring's list, being the cheapest bidders, obtained the loan at the following prices :

" £125 Consols calculated at	...	£70	6	3
" £50 15s. reduced	...	29	0	0
" Discount	...	3	12	6
		" £102 18 9		

" In the present state of public affairs, no person can deny that this bargain is very advantageous to the public, for during no part of the day except at the first moment of the intelligence being received of the respectable names who had contracted for the loan, could it be sold at a premium above 2 per cent., and it fluctuated between that price and 1½ per cent.

" The other biddings for the Loan were as follows :

	Consols.	Reduced.
" The Committee of the Stock Exchange	£125	£53
" Messrs. Smith, Payne, and Smith & Co.	125	56
" Messrs. Newnham, Everett & Co.	... 125	56
" The Bankers	... ... ...	125 57."

The last is taken from the *Daily Advertiser and Oracle*, dated 6th April, 1802, when the firm subscribed for the whole of the loan on terms which the Chancellor of the Exchequer, Henry Addington, afterwards Lord Sidmouth, thought very satisfactory. I have given the extract in full, because it shows the method of raising money at that time.

“THE LOAN.

“Yesterday the Gentlemen who had formed Lists waited on the Minister to contract for the Loan.

“The Bidding was to be on a deferred 3 per Cent. Stock.

“Every Subscriber of £100 money was to receive

“£65 Consols.

“£60 Reduced.

And those who chose to take the least sum of Deferred Stock were to have the Loan.

“The different parties delivered in their letters, which, on being opened, appeared as under :

Smith, Payne & Smiths	...	...	£6	19	3
Committee of Bankers	...	...	7	15	0
Stock Exchange	...	...	7	15	0
Everett & Co.	...	...	8	10	0
Baring and Angerstein	...	...	9	4	0
Robarts & Co.	...	...	9	5	0
Easdain & Co.	...	...	9	15	0

“Of course, Smith, Payne & Co. were declared the purchasers. The terms are exceedingly good for the public, and considerably better than we believe the Minister himself expected. The Consols during the time the different parties were with the Ministers were at $74\frac{3}{4}$. As soon as the terms of the loan were known, they rose to 76, and left off at $77\frac{1}{4}$ for money, $77\frac{3}{8}$ for the account. Omnium was from 4 to $2\frac{3}{4}$, and left at $4\frac{1}{4}$.

"The House of Smith, Payne & Co. were supposed not only to be out of Stock, but what is termed Bears also ; therefore it was material for them to get the Loan to reimburse them and prevent their lying at the mercy of others to get in their Stock.

"One chief reason of the Fund's great elevation may be attributed to its being known that the Bank Directors are concerned with the house of Smith, Payne & Co.

"It is said that Smith & Co. offered to coalesce with Curtis and Co., which the Alderman refused ; and old Jemmy Morgan, in consequence of what he sifted out at Downing Street, altered his price from £7 13s. to £6 19s. 3d., which completely jockeyed all the parties. Most of the Leading Men in the Stock Exchange were great Bears of Stock, which, being obliged to be bought in, occasioned the rise to be so rapid.

"A celebrated Lottery Contractor has, it is said, the call of half a million of Consols for the account of an eminent Jew, at or under 70. Of course, there is at the present price a gain of £33,000."

The total estimated capital value of annuities set up in Great Britain in 1801 and 1802 was £8,502,519 12s. 8d., but we have no record of the exact amount taken by the banking house, but as the Bank of England was interested in the issue, it is possible that the whole amount was subscribed by Messrs. Smith, Payne & Smiths.

There is also an interesting statement as to the Government Debt at that date.

Interest on loans :

Interest on Consols and Reduced	...	£862,500
Ditto on Deferred Stock from 5th		
January, 1808	...	48,051
Management of the whole	...	13,648
		————— 924,199

Interest on Stock created by Exchequer

Bills funded, together with £7,796 12s.

Long Annuity	...	...	£431,053
2 per cent. thereon	...	...	112,223
Management...	...	...	5,099
			————— 548,365

Interest on Stock charged :

On Income Duties	...	...	£1,713,017
Management...	...	...	25,621
			————— 1,738,638
			————— £3,211,202

Total of Stock created by the loan, £30,351,375.

For each £100 of money

In 3 per cent. Consols	...	...	£65 0 0
In 3 per cent. Reduced	...	...	60 0 0
Deferred Stock	...	...	6 19 3
			————— £151 19 3

The whole amount of annual interest is £3 18s. 2d.



WILLIAM PITT.

The interest on this Deferred Stock is 4s. $1\frac{1}{2}$ d., but the interest does not begin to be paid until 1868, or at present value 3s. 2d. annually.

Prices of Stock at that time :

- 3 per cent. Consols, 74.
- 5 per cent. Navy, 106.
- Imperial 3 per cent., $75\frac{1}{2}$.
- English Lottery Tickets, 33.

The Chancellor of the Exchequer stated that it was an advantageous bargain, and showed the great confidence which the monied men place in the extent and the stability of the resources of this country.

On the introduction of the Budget in 1801, Pitt stated "that the country had gone through with a war of four years with an accumulation of enemies, and have at length emerged from it with an increasing vigour in resources, wealth and prosperity, through every class of individual, and in a year of peace make a loan of twenty-five millions on as good terms as formerly."

Reference has already been made to the intimate friendship which existed between Lord Carrington, William Wilberforce and the great statesman. The portrait which has been reproduced was given to Lord Carrington in order to show the great statesman's appreciation for services rendered to the Government by the house of Smith, Payne & Smith.

Although the Government had to borrow at a high rate of interest, yet one must remember that the price of all securities was then abnormally low, and at one period Consols had fallen to 47.

Lord Rosebery states that Pitt's financial fame will always be remembered by his plan for the redemption of the National Debt, which his contemporaries regarded as his highest claim to renown. It may be stated that in order to raise money, Pitt did all in his power to stimulate public competition, which is shown by the tenders for the loan of 1802, when Smith, Payne & Smith were the highest bidders. The money market at that time preferred a 3 per cent. stock, rather than one at 5 per cent., because the latter might be redeemed at short notice. Mr. Newmarsh, a well-known banking authority, stated, by actuarial calculations, that borrowing in 3 per cent. stock, as compared with 5 per cent., was in reality an economy. In any case, Pitt had to appeal to a limited and abnormal market, and if he had not offered the temptation of stock which was certain to rise sooner or later in capital value, he could not have secured the requisite means for carrying on the war.

At the close of the French War, in 1802, the National Debt was £571,000,000, the amount now being £639,165,000, showing an increase of £68,000,000 in 100 years.

The firm from that time until the present day has always been a large subscriber to the various Government issues, and



REGINALD ABEL SMITH, ESQ.,
OF GOLDINGS, HERTS.

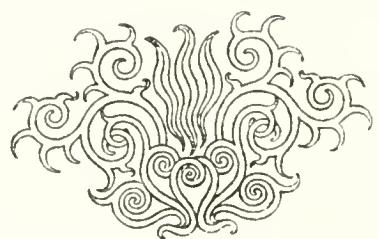
To face p.

in conjunction with Messrs. Rothschild and other leading firms, subscribed to the recent issues for the payment of the South African War.

It will be noticed that the Chancellor of the Exchequer usually consulted members of the Stock Exchange and the leading bankers as to the best methods for floating the loan, and this system has been continued to the present day. A new innovation, however, occurred when American banking houses were asked to assist to contribute, but some differences of opinion were expressed as to the desirability of this in the future.

The late Mr. Reginald Smith informed me that the firm was able in one of the earlier panics of this country, to pay off the whole of the deposits from their holding of Government Stock, which I think is a unique position for any bank in this country to hold.

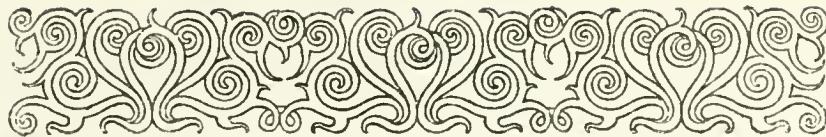




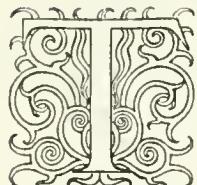
CHQUE DATED 1705.

To face p. —

John Hamblet Acct 1705
for payment received 24th
August 1705
John Hamblet Acct 1705
for payment received 24th
August 1705



NOTE ISSUES.



THE issue of bank-notes was an essential feature of early banking ; the scarcity of coin, and the unsettled condition of the country were the principal causes of a large issue of bank-notes.

Mr. Maberly Phillips, in an interesting article in the *Connoisseur* for March last, on Note Collecting, states that in the early part of last century there were at least 900 different firms issuing their own paper money, and amongst them were Samuel and Abel Smith, and a note dated August 26th, 1728, is certainly the earliest provincial one known.

There is a close connection between the issue of notes and the growth of deposit banking. Anyone who had notes in his possession would in course of time find that it was desirable to leave them for safety with the issuing banker, and he would thus become a depositor of the bank ; the issue of bank-notes has therefore always preceded deposit banking. The earlier forms were more of the character of promissory notes. Thomas Smith stated in 1707 that he owed Richard

Hacker £1,287 15s. 3d., and for the repayment of the said sum he gave a note of hand. He also stated that for several years past he had used to take in and receive great sums of money of diverse persons, and upon receipt thereof to give notes under his hand for the same, thereby promising to pay the sums so secured to the person authorised the money, or the bearer of the note upon demand, and in case any note so given by this deponent be produced and endorsed only with the name of the person to whom it is payable upon delivering the said notes, this deponent pays the same to the bearer, so that sometimes this deponent's notes are paid by endorsement.

The earliest specimen of a promissory note or cheque is as follows :

Nottingham, 31 Aug., 1705.

Sir,

Please to pay Thomas Wright or order, Sixty-four pounds eleaven shillings and five pence, and place the same to Eliz. Metcalfe and Sister.

p. yours,

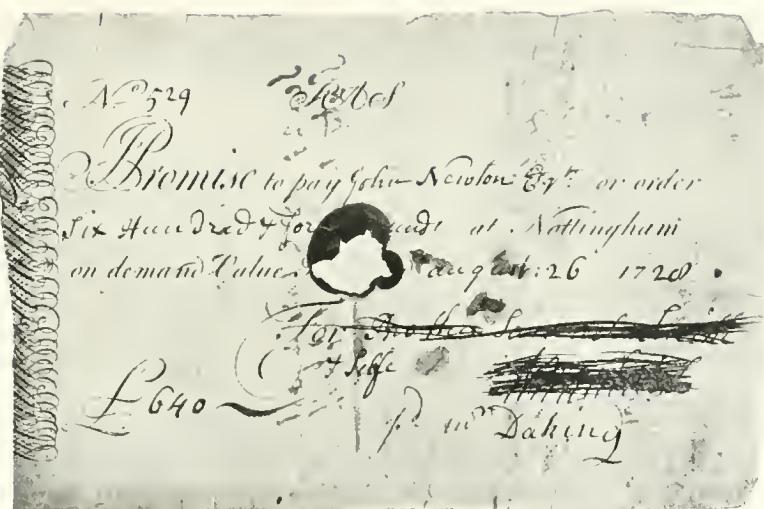
J. Smith.

To Mr. Thos. Smith,

Present.

The name of Mr. Thomas Smith appearing as witness to the note is somewhat curious.

An old ledger in the possession of the firm, dated 1775, has several entries respecting the cancellation of such notes.



The Editor of the *Connoisseur* has kindly allowed me to reproduce some of the Nottingham bank-notes, which form part of a series in Mr. Maberly Phillips's paper:

S. A. S.

August 26, 1728.

I promise to pay John Newton, Esq., Six hundred and forty Pounds at Nottingham on demand, value received.

For Brother Samuel Smith & Selfe.

Abel Smith.

£640.

The letters S. A. S. stand for Samuel and Abel Smith.

Another is an interesting one, with an engraving of the town of Nottingham.

No 8195.

I promise to pay Mr. Wm. Elliott or Bearer Twenty Pounds at Nottingham on demand, value received.

Septem. 24, 1746.

£20.

For Messrs. Samuel and Abell,

Smith & Self.

(Signature torn off.)

At the present time we do not see any cash transactions in guineas, except as donations for charitable purposes, but a guinea was a coin of the realm, and consequently bank-notes were issued for various multiples of £1 1s.

Other specimens of bank-notes are as follows :

S. A. S.

No. 6492.

I promise to pay Charles Turner, Esq., or Bearer,
Eighty Pounds at Nottingham on demand, Value
received.

Nov. 1, 1735.

£80. For Brother Samuel Smith & Selfe,
Abell Smith.

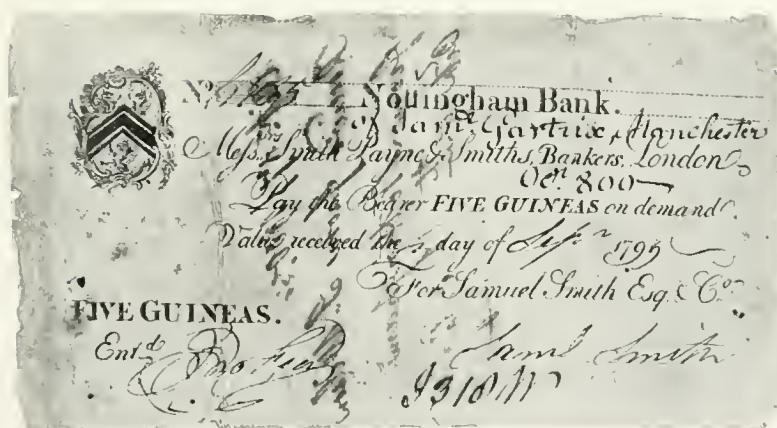
Mr. Frederic Chatfield Smith informs me that it was customary at the Nottingham bank, until a very few years since, to insert names of influential customers of the bank in promissory notes, partly as a compliment, and partly to multiply the handwriting, thus making it more difficult to forge the notes. It does not, however, follow that any such note was issued to the persons named.

There is one drawn upon the London house as follows :

Nottingham Bank.
Messrs. Smith, Payne & Smiths,
Bankers, London.

Pay the Bearer Five guineas on demand, value received, the 1st day of September, 1795.

For Samuel Smith, Esq., & Co.,
Five guineas. Saml. Smith.



Another bank-note is as follows :

S. A. S.

No. 7346.

I promise to pay Evelin Chadwick, Esq., or bearer,
Fifty pounds at Nottingham on demand. Value
received.

December 22, 1796.

For Brother Samuel Smith & Self,

Abel Smith.

The banks at Hull and Lincoln also issued notes, the one of the former, dated 1818, for £1 1s., is of interest, since it contains a vignette of the old Custom House at Hull, a very picturesque building.

As already stated, the bank was known as the Custom House Bank for many years.

The note is as follows :

One guinea.

I promise to pay to the Bearer on demand One
guinea, value received.

Hull Bank, 5 Aug., 1818.

For Messrs. Smiths & Thompson,

Jas. Henwood.

The Lincoln bank-note has simply the arms of the City of Lincoln engraved on it, and is as follows :

Lincoln Bank, £1 1s.

I promise to pay the Bearer on demand One guinea,
value received. Lincoln, 7 June, 1803.

For Samuel Smith, Rich. & Henry Ellison,
Entered W. S. Parker. Henry Ellison.
No. 168. One guinea.

When Sir Robert Peel passed the famous Note Act of 1847, the amount of the country banks' circulation was as follows :

			Authorised Issue.
207 Private Banks	...	...	£5,153,407
72 Joint Stock Banks	...	...	<u>3,495,446</u>
			<u>£8,648,853</u>

There is no doubt that it was intended to gradually extinguish the local issues, because no new bank was allowed to issue notes, and when any bank amalgamated, the right of issue was forfeited.

In 1844 the average circulation of the country banks was £8,170,000, but thirty years later the amount was reduced by about one-half, viz., £4,812,000.

The present amount is £2,618,465, viz.:

30 Private Banks	...	...	£1,147,938
25 Joint Stock Banks	...	...	<u>1,470,527</u>
55			<u>£2,618,465</u>

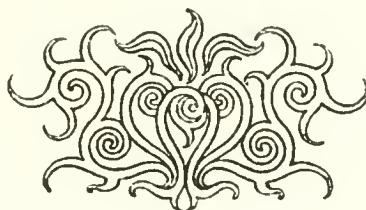


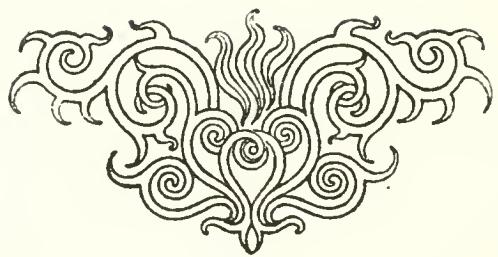
The present amalgamation will involve the cancelment of private note issues to the amount of £221,460, the authorised note issues of the local banks being as follows:

Samuel Smith & Co., Nottingham	...	£31,047
Smith, Ellison & Co., Lincoln	...	100,342
Samuel Smith & Co., Hull	...	19,979
Samuel Smith & Co., Derby	...	41,304
Samuel Smith & Co., Newark	...	28,788

The issue of notes by the Lincoln bank was the largest amount of any private bank, although there were two joint stock banks, viz., Stuckey's Banking Co. and The Yorkshire Banking Co., which had a larger circulation ; the issue of the last named has been cancelled through amalgamation with the London City and Midland Bank, Limited.

There is no doubt that the local issue of notes has been of great service, especially when means of communication were deficient, and gold or Bank of England notes somewhat difficult to obtain, whilst often there was considerable danger in the transmission of coin from one part of the county to the other.







CLEARING HOUSE.



ANOTHER incident in the career of the bank is its connection with the Clearing House ; and it must not be forgotten that the foundation of clearing houses is due to the early bankers. The great economy effected by such means is of first-rate importance, and is of daily advantage to bankers of the present day. The first Clearing House appears to have been established on premises belonging to Messrs. Smith, Payne & Smiths ; clerks from various banks met in a room for the purpose of exchanging cheques. Although the firm has no record of this fact, it was stated by one of their clerks, in 1827, "that the Clearing House or Office adjoined the bank or office of which it formed part."

There is, however, in the possession of the firm the Clearing Book of 3rd March, 1777. This book is ruled with two columns, the custom then being to pay the balances in notes and gold.

A clerk was sent to the Clearing House with money sufficient to liquidate the balance due from the bank ; and

this system continued until the Bank of England was utilised for the purpose of adjusting the balances.

The addresses and signs of the various banking houses which are mentioned in the above-named book are taken from Mr. Hilton Price's interesting book on London banks.

3rd March, 1777—31 Clearing Bankers.

Brown & Collinson, 58, Lombard Street (became Brown, Collinson & Tritton in 1778)	£1,967 8,680
Hankeys & Co., "Golden Ball," Fenchurch Street	1,129 664
Givies & Atkinson, "Rose and Crown," 50, Lombard Street	526 4
Walpole, Clarke & Bourne, 28, Lombard Street	281 1,840
Bland, Barnett & Hoare, "Black Horse," 62, Lombard Street	4,315 2,200
Sir Chas. Asgill & Co., "White Horse," 70, Lombard Street	6,144 3,688
*Barclay, Bevan & Bening, corner of George Yard, Lombard Street	2,274
Boldero & Co., 77, Lombard Street	3,420 2,833
Castell, Whately & Powell, "Spread Eagle," 66, Lombard Street	77 373

* In 1785, John Henson Tritton joined the firm of Barclay, Bevan & Co.

Staples, Baron Dimsdale, John Dimsdale, & Josiah Barnard, 50, Cornhill	£664 186
Archer, Hyde & Co., White Hart Court	983 349
Fuller, Son, Halford & Vaughan, 84, Cornhill	604 114
Glyn & Co., 18, Birch Lane	1,189 987
†Bevan, 12th March, 1777	2,764
Dorriens & Co., 22, Finch Lane	1,048 111
Batson & Co., "Unicorn," Lombard Street (formerly Remington & Co.)	145 1,737
Halliday & Co., 3, Freeman's Court, Cornhill	399 517
Ladbrooke & Co. (moved to Bank Buildings)	573
Lemon, Furley, Lubbock & Co., 11, Mansion House Street	2,536 3,116
Halford (not in London Directory)	4,263 2,967
Kendall (not in London Directory)	327 2,413
Ladbroke & Co., 10, Lombard Street (in 1842 amalgamated with Glyn & Co.)	573 876

† Name does not appear in list, but possibly is Silvanus Bevan, who joined Barclay & Co.

Langston, Polhill & Co., 80, Cornhill	£396
Lees & Co., Lombard Street	2,670
	200
Martin & Co., "The Grasshopper," 68, Lombard Street, E.C.	2,010
	556
Mason, Currie & Co., 29, Cornhill (amalgamated in 1864 with Glyn & Co.)	774
	1,677
Marlar & Co., 1, Bartholomew Lane (subsequently Pole & Co.)	1,320
	1,137
Prescott, Grote & Co., 57, Threadneedle Street	2,378
	4,732
Raymond, Sir Chas., Bart.	2,550
Vere, Lowe & Fletcher, 10, Birch Lane	1,998
Reade, Moorhouse & Co., 76, Lombard Street (afterwards Willis, Percival & Co.)	2,249
	1,008
Smith, Payne & Smith, George Street, Mansion House	1,810
	1,084
Welch & Rogers, 80, Cornhill	1,390
	319
Wickenden & Co., 20, Lombard Street	1,369
	3,256
	<hr/>
	£104,739

This total of £104,739 is insignificant compared with the present daily amount of £52,356,000.

It is interesting to observe that the leading bankers at that time were as follows, if we can take the amounts cleared as any criterion :

- Messrs. Brown & Collinson.
- Barclay & Co.
- Bland, Barnett & Co.
- Sir Chas. Asgill & Co.
- Boldero & Co.
- Lemon, Furley, Lubbock & Co.
- Halford.
- Prescott & Co.
- Sir Chas. Raymond.
- Reade, Moorhouse & Co.
- Smith, Payne & Smiths.
- Wickenden & Co.

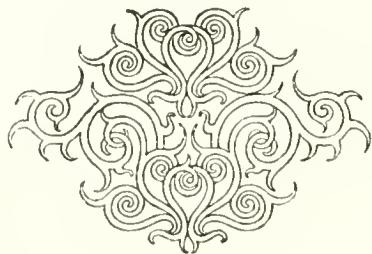
The recent amalgamation of Prescott & Co., Limited, with the Union of London and Smiths Bank, Limited, includes Dimsdale & Co., and it will be seen that both these banks are mentioned in the Clearing Book of 1777.

For many years the private bankers had the entire control of the Clearing House, and it was not until 1854, some years after the formation of the joint stock banks, that they considered it desirable to admit their rivals.

The Clearing House remained the property of the private bankers, who eventually numbered four only, including

Messrs. Smith, Payne & Smiths. In 1901 a new company was formed for the purpose of taking over the property.

The late Mr. Jervoise Smith was at one time Deputy Chairman of the Clearing House, in the affairs of which he always took a great interest ; he was also Chairman of the Public Works Loan Commission, and recognised as one of the leading bankers in the City.

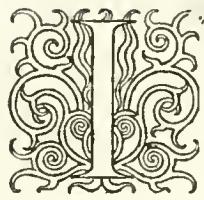




JERVOISE SMITH, ESQ.,
M.P. FOR FALMOUTH.



CONCLUSION.

T seems desirable to make a few concluding remarks with especial reference to the causes which led to the success of the firm from its foundation in 1688 until the present time. To a great extent the careful management of large deposits entrusted to the care of various members of the firm was the principal reason why they did not participate in any speculative schemes, although at times the temptation was great to secure large profits. Transactions which might be designated as beyond their resources were always carefully avoided, and the firm rightly considered that the capital at its disposal did not permit the financing of large accounts such as the acceptance of bills for foreign firms. Although this business was somewhat remunerative, yet only a limited amount was undertaken.

Some banks have failed through want of sufficient capital, but the Smith family had at all times a large sum invested in Government Stock in order to meet any sudden withdrawal of deposits. No doubt the large amount held over a century

ago was partly due to the fact of their participation in the various issues of the Government. This was shown in the first published balance sheet (1891) of Messrs. Smith, Payne & Smith, the amount of Government Stock held being £1,000,000, in addition to £728,000 of actual cash, against liabilities of £4,682,000. This was held against any sudden panic or crisis in the financial world ; here again there was always the temptation of obtaining a higher rate of interest, but their conservative policy was never altered.

The capital utilised for the purpose of banking was always a considerable amount ; the balance sheet, already referred to shows £705,000 subscribed by the partners against their banking liabilities.

One of the causes of the failure of other private firms was the withdrawal of capital when any member of the firm died ; but again we find it was always retained in the business, in order that the high character of the firm should be maintained.

The last published balance sheet of the bank, prior to its amalgamation with the Union Bank of London, showed that it held the highest cash reserves of any London bank, viz., 27·9 per cent. of its liabilities. Curiously enough the Union Bank stood second on the list with 23·3 per cent. of cash.

The system of branch establishments, which is one of the features of our present banking system, was realised by the Smith family. Abel Smith saw the importance of having

an agency in the great metropolis in order to meet the wants of his customers who had business transactions with the financial centre of the world.

Mr. Frederic Chatfield Smith, in a letter to the author, states that "The characteristic qualities of the family have always been caution and sound common sense, which are the most valuable to a banker and far better than genius, and have led them to success through a long career of business life." This statement is no doubt perfectly true, and these qualities were certainly the cause of the success of the firm. There was also the personal influence which contributed in some degree towards its gaining the respect of the commercial community with which its interests were so intimately associated.

An example of this might be given in the case of a City firm, when at a period of commercial distrust, was afraid whether it would be able to meet its liabilities. The bank considered the firm worthy of support, and gave a blank cheque on the Bank of England, stating that it could be filled in with the amount required. This cheque is now carefully preserved in the counting house as an example of the perfect confidence between banker and customer. Incidents such as these contributed largely to its success, so that it became known throughout the world.

The reputation of the firm might be illustrated by its name being immortalised by Dickens. The "Pickwick

Papers" refer to Sam Weller selling some stock at the Bank of England and receiving a cheque for £530 on Smith, Payne & Smiths.

A writer sixty years ago stated "the firm of Smith, Payne & Smiths possessed great wealth and exemplary conduct. This created public confidence, and many of the nobility kept their banking account with the firm."

At the time of Wright & Co.'s failure, in November, 1840, the Duke of Norfolk had £70,000 in that bank, the partners of which were Roman Catholics, and his account was then transferred to Smith, Payne & Smiths. Another customer was Sir Richard Arkwright, who was considered the wealthiest man in England, his fortune being considered to be about £5,000,000. His dividends, which amounted to £200,000, were partly received by Smith, Payne & Smiths.

The private bankers, including those who founded this banking house, will always be remembered as the pioneers of banking in this country.

Thomas Smith had started his career five years before the Bank of England, so that the machinery of banking, viz., cheques, notes, and bills of exchange, were really brought into everyday use through the efforts of the private bankers.

On the formation of joint stock banks it was found necessary in many cases to engage gentlemen who had received their banking education in the private banks, as the same methods were found advantageous to those institutions. We

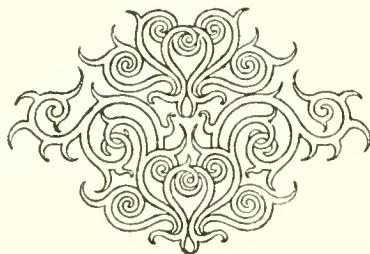
might also describe them as the legislators for the banking community. It is only necessary to refer to the evidence given by such men as Lord Overstone, Samuel Gurney, Lord Avebury, Jervoise Smith, and others, before various Parliamentary Committees as an illustration of the keen interest which they had in all matters appertaining to their profession. They were animated with a desire to conduct business from a high standpoint which, possibly, is somewhat the cause why England occupies such a high position in the financial world.

There is, however, a feeling of regret when old firms, who have had such an honourable career, are merged into other institutions ; but there must always remain a feeling of regard with respect to this banking house which has maintained a high reputation, and possibly this fact will never be forgotten.

The universal marks of approbation in the Press at the time of the amalgamation with the Union Bank of London must be a source of gratification to the members of the firm who have upheld the dignity and honour of the banking profession.

In conclusion, I cannot give a better account of this banking house than by quoting the following extract from Bailey's "Annals of Nottinghamshire," written many years ago : "A country banking firm which has been enabled, through all the monetary panics, shocks, and vicissitudes of so many years, not only to maintain its credit unimpaired, but generation after generation to go on extending the sphere of its operations, without weakening the original source of its

power and influence by any act of really dangerous over-exertion, is an instance of long-continued successful industry, under the guidance of sound discretion and well-directed enterprise, which entitles all persons engaged in the management of its vast concerns, from its first foundation even up to the present time, to the highest commendation from others, as it must ever have been, and still continue to be a source of honest gratification and honourable pride to themselves."



I SMITH, NOTTINGHAM.

B. 1593. Died 1642.

NOTTINGHAM, AND GADDESBY

D. 1699. Married (first) M.
Laurence Collin, whose sons were as

1 and Banker in London, from whom are
descended the Smith-Dorrien family.

D. 1751.

2nt in London, from whom are descended
fates, of Preston Court, Gloucester.

B. 1716.

M.P.^{ex}, and Blendon Hall.
M.P. for Bucks, 1833-4.
D. 1842.

GEORGE ROBERT, of Selsdon,
for High Wycombe, 1838.
B. 1793. D. 1869.

Oswald, of Blendon
Kent.
B. 1794. D. 186

MARTIN TUCKER, of Shirley.
M.P. for Aylesbury.
B. 1808. D. 1880.

ABEL,
Ilford,
Lingham.
D. 1890.

ERNALD MOSLEY.
B. 1839. D. 1872.

Oswald
B. 1826.

MARTIN RIDLEY.
B. 1833.

GERARD, M.P. for
Wycombe, 1883.
Governor of West
Australia.
B. 1839.

BASIL GUY OSWALD.
B. 1861.

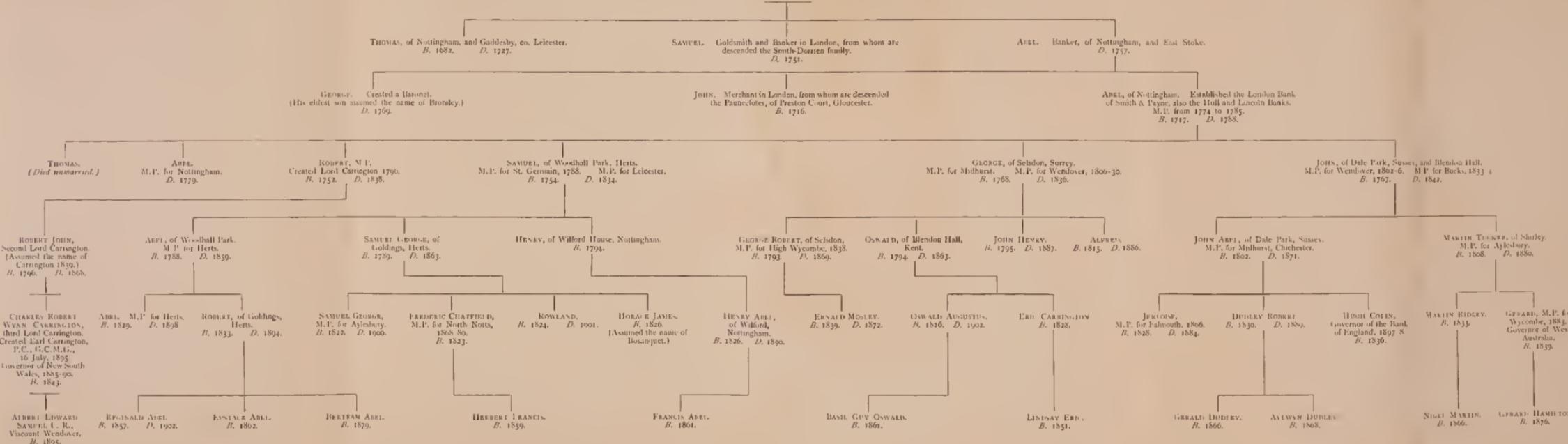
NIGEL MARTIN.
B. 1866.

GERARD HAMILTON.
B. 1876.

JOHN SMITH, NOTTINGHAM.
Born 1593. Died 1642.

THOMAS SMITH, OF NOTTINGHAM, AND GADDESBY, CO. LEICESTER.

founder of the Nottingham Bank. *B.* 1631. *D.* 1699. *Married* (first) MARY, daughter of — Hooper; (second) FORTUNE, daughter of Laurence Collin, whose sons were as follows:





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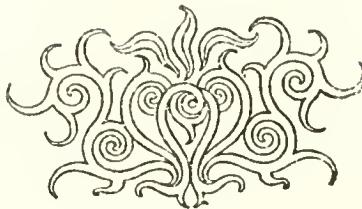
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